Government of Nepal
Ministry of Finance

Asian Development Bank

ECONOMIC POLICY NETWORK II
(ADB TA 7042-NEP)

Thematic Area
Decentralized Governance

Final Report

A Study on the Service Delivery of the Local Bodies

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December 2010

ECONOMIC POLICY NETWORK II

Thematic Area:

Decentralized Governance

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** to be discussed and updated*

Abbreviations and Acronyms

ADDC/N	Association of District Development Committee
DAG	Disadvantaged Groups
DDC	District Development Committee
DDC(s)	District Development Committee(s)
EDPs	External Development Partners
GoN	Government of Nepal
ICT	Information and Communications Technology
IPTV	Internet Protocol Television
LB(s)	Local Body(ies)
LBFC	Local Body Fiscal Commission
LG(s)	Local Government(s)
LGU(s)	Local Government Units
MC	Minimum Conditions
MCPM	Minimum Conditions and Performance Measures
MDG(s)	Millennium Development Goals
MLD	Ministry of Local Development
MoF	Ministry of Finance
MoU	Memorandum of Understanding
NAVIN	National Association of Village Development Committees
NPC	National Planning Commission
PM	Performance Measures
TC	Technical Committee
VDC(s)	Village Development Committee(s)

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EXECUTIVE SUMMARY

This study was carried out for government of Nepal with the technical support of Asian Development Bank (ADB) provided through the Economic Policy Network – II (EPN-II) housed in Ministry of Finance. This is a qualitative study, which was carried out in a very unstable political and administrative context of Nepal.

The objectives of the study were a) to identify service delivery modalities adopted by government units in some developing countries and in Nepal; b) to assess key service delivery modalities with their policy implications, and c) to recommend to effectively executing the service provision responsibilities to the citizens. Service delivery is much broader and generally, it encompasses a number of sectors and cross-cutting areas. There are multiple partners delivering the services at different levels and in different sectors in Nepal. Given the limited scope of the study, time and resources, the study was focused on service delivery functions of local bodies (at local level) in Nepal. Literature review and consultation with stakeholders were the key methods used in carrying out this study with few events of observation of service delivery in selected local bodies of Nepal.

Based on the analysis, the following are the key findings that are consolidated under different clusters. Remarkably, there are some unique and best local governance practices found in Nepal, which are summarized below followed by some critical issues to be considered to improve the service delivery and local governance system of the country.

Best Practices and Lessons Learned from Nepali Experiences

a) ***Social and institutional fabric:*** The institutional and social fabrics are very vibrant at the local level in Nepal (Adhikari 2006: 287-288). Nepali societies have long tradition of local governance practices. Social norms and values that encompass mutual trust, social relationship, mutual understanding and self-help are vibrant at local level. These are the fundamental features of social capital as discussed in the contemporary development literatures.

b) Nepali societies prefer to be ***self-ruled and self managed*** with minimum external support (e.g. school and road network created in 1960s). A series of examples can be taken from different sectors, from practices of traditional irrigation to drinking water managed by user committees, schools and forests managed by community through local management committees so on. Nepal, therefore, needs to further build local governance system on its own rich social capital, values, and practices. Though it was short period for evaluation, experiences gained in 1990s in practicing modern form of local governance 1990s should also be counted. Experiences around the world in implementing different models of local governance also show that each model has been developed on country's specific context, social norms and values and socio-political framework.

c) ***Vibrancy of democratic institutions at the local level:*** The grassroots level local government units in particular, are highly respected and valued by the local communities. (Adhikari, 2009: 210). This is a very positive factor for successful local democratic governance. But it may get weaker if local elections do not take place within the next few years. This is to say that the popular base and good image of local government gained in the short period time might be lost over time (Adhikari 2006: 288-289).

d) ***Communities are proactive and willing to participate in development process:*** In Nepal, communities in general are willing to participate in the development process and they are proactive in local development activities. In this positive setting, trusting the community is vital and it is the foundation of any model of participatory development.

The study finds the local governance as an effective model of service delivery at local level. The study recommends further building it on the in-country experiences and lessons learned. In this context, the following critical issues are identified and recommended to address to improve the service delivery and local governance system in Nepal.

Critical Local Governance Issues

a) ***Authority and service delivery:*** There are parallel model of service delivery (through LG and line agencies) in Nepal that are duplicating and competing each other. Supremacy of line agencies is underestimating the role of local government in local governance.

b) ***Participation***, ***voice and accountability:*** Citizen's voice, which is the fundamental of democratic governance, has been poorly heard/considered by service provider and policy makers. There is very weak down-ward accountability in service delivery at local level. There is less transparency in service delivery and weak access to services by poor and marginalized groups.

c) ***Development policy and central-local relations:*** There is weak pro-poor focus on existing local governance practices. Central-local relations in service delivery are very top-down and dominating to the local level institutions.

d) ***Partnership and networking:*** A series of policies, strategies and guidelines/manuals are prepared and implemented by the MLD to regulate, support and facilitate local governance process, which is very positive and exemplary. However, effectiveness and impact of such policies, strategies have not been systematically assessed and evaluated yet. Partnership with private sector organization is weak at local level despite policy and strategic support to establish partnerships.

e) ***Result-orientation and citizen centric service delivery:*** Current service delivery mechanism is not citizen friendly, but traditional, cumbersome and very process oriented. Transaction cost of DDC level service delivery is much higher in many areas of services.

f) ***Capacity local government and local organizations:*** Capacity of LGUs is weak in delivering services in effective and efficient manner. Collaboration among different partners, team spirit and working relations are weak and fragmented.

g) ***Transition from unitary to federal state structure:*** Basic services have been interrupted at grassroots level and poor and marginalized groups have been suffering and deprived than other groups during the current transition. Legitimacy of public sector, due to its weak delivery system and weak responsive nature of public institutions, is in question.

Recommendations

1. **There should be a clear delineation of functions following the 'subsidiarity principles' (bottom-up) not the 'residuality principles' (top-down).**

   Recommended activities: a) prepare transitional plan and implement in proactive manner; b) design and conduct studies to explore best local governance practices in Nepal and institutionalize these practices in the new federal context of the country.

2. **There is a need of strengthening participation, voice and accountability mechanisms at local level.**

   Recommended activities: a) make major decisions public through –notice boards, periodic bulletin, print and electronic media; b) post budgetary proposals, expenditures, audit reports and annual performance in the web-site, broadcasted through local electronic and print media; c) establish effective and trust-worthy mechanism of receiving complaints on service delivery related issues and prompt actions to be taken; d) organize periodic public hearing and social audit focusing on citizen's access to services, coverage and quality of services, use of score cards; e) make mandatory provisions (for authorities) and encourage poor and marginalized groups to participate in participatory planning and budgeting process (annex 5).

3. **Pro-Poor development policy and strengthened central-local relations**

   Recommended activities: a) prepare pro-poor policy framework at local government's level; b) prepare and adopt participatory design and implement poverty alleviation programmes tailoring in the local context.

4. **Establish and strengthen partnership with private sector and community organizations in delivering services and managing public affairs at local level**

   Recommended activities: a) design policy review framework and assess the implementation status and impact of existing policies, strategies and guidelines; b) conduct impact studies on key policies and strategies; c) update and reinforce policies and strategies on continuous manner; d) design and establish partnership with private sectors and community organizations, I/NGOs in key service areas to achieve better quality and gain effectiveness and efficiency.

5. **Result-oriented and citizen centric service delivery:** DDCs need to devolve service delivery functions at possible lowest level and it need to focus on more stewardship role: coordination, policy facilitation, quality control and monitoring functions. Local governments need to explore and adopt alternative models of service delivery (partnership with others, e-governance, etc.).

   Recommended activities: a) conduct rapid feasibility study to devolve the existing service delivery functions to VDCs and Municipalities and/or community organizations to increase citizen's access to, coverage and strengthen citizen's oversight and participation role; b) develop citizen-friendly system and procedures at local government's level; c) modernize recording and service delivery mechanism; d) convert service delivery from process orientation to result orientation and link with staff's motivation package (performance-based benefits); e) establish partnership with I/NGOs, community organizations and private sectors.

6. **Periodic facility and service delivery surveys:** Design and implement periodic facility survey and service delivery survey (by an independent consultant) to measure level of citizen's satisfaction with the local government performance (including service delivery).

   Recommended activities: a) design and conduct facility surveys on periodic basis by local independent firm or consultant (each DDC and Municipality); b) design and conduct service delivery surveys following scientific tools and methods annually by bigger DDCs and Municipalities.

7. **Adaptation of alternative service delivery methods and improve overall service quality:** Currently LGUs have been providing services in a traditional manner without considering the competitive advantages, quality, effectiveness and efficiency. Governance concept has not been clearly understood and institutionalized in LGUs

   LGUs, municipality and bigger DDCs in particular, need to re-think/review their existing service delivery methods and approaches from efficiency and effectiveness perspectives. LGUs need to adopt alternative service delivery methods in specific areas where they do not have efficiency gain. All local government units have to define their minimum service quality with minimum procedures and need to define time for providing specific services.

   Recommended activities: a) review existing service delivery methods and approaches with fresh eyes; b) identify areas of their and other partners' core competency in specific service areas; c) design and adopt alternative service delivery methods and approaches (partnerships, e-governance, and other community approaches); and d) define minimum service standard and quality of services.

8. **Capacity building of local government and local organizations:** There is a need to prepare comprehensive capacity development plan and implement gradually as an integral part of annual plan and programmes.

   Recommended activities: a) identify needs and design capacity development programme not only limited to LGU staff, but also including other partners; b) implement the capacity building programmes in a systematic manner; c) conduct rigorous monitoring, evaluation on the impact of the capacity development initiatives; d) measure the efficiency gained in the quality of service provided (before and after) from client's perspective by including this as a component of service delivery surveys.

9. **Hybrid type of service delivery approaches in conflict areas (short-term strategy):** There is a need of combining both humanitarian and development programming approaches (hybrid) in conflict affected areas as a short-term strategy.

   Recommended activities: a) identify districts, municipalities and VDCs where access to services by citizens, poor and marginalized groups in particular, is severely interrupted or limited; b) combine both humanitarian aspects and development programming approach in conflict affected areas and deliver hybrid services; c) adopt alternative model of service delivery (PPP, community approaches, I/NGOs, etc.)

10. **Utilize transitions as an opportunity: transition from unitary to federal state structure:** The MLD together with its partners need to prepare a transition plan for improving service delivery, local governance reform (during the transition and beyond) and start implementing the plan as soon as possible

Recommended activities and steps: a) regularize the basic service delivery using alternative methods and approaches; b) design and implement social protection programme and safeguard the poor and marginalized groups; c) identify key reform areas to be included in the transition plan; d) prepare the transition plan involving key stakeholders; e) design and conduct studies in different aspects of local governance, as necessary; f) prioritize activities and include in the plan; g) start implanting the transition plan.

11. **Medium and long-term goal – democratic local governance:** a) It is important holding local election as a transitional strategy so that basic services could be delivered more effectively at local level; b) There is a need of strengthening service delivery from democratic local governance perspectives.

    Recommended activities: a)lobby at national level and hold local election (under existing legal framework) so that basic services can be resumed and minimum level of down-ward accountability can be restored b) all documents and procedures to be made subjected to citizen friendly (simple, use of local languages, easily accessible, etc.); c) prepare and enforce bylaw on tax payer's right and their privileged access to information; d) design and practice open and criteria-based processing of contract bids; e) ensure effective implementation and monitoring of citizen's charter and use of citizen's score card by a citizen's board (with equal participation of poor and marginalized groups) to provide feedback on service delivery performance; f) review and simplify systems and procedures of service delivery with minimal hassles (more result orientation) and facilitation provisions for illiterate, poor and marginalized groups .

1. INTRODUCTION

1.1 Background

Government of Nepal is committed to institute governance system that provides public services equitably, effectively, efficiently. It is argued that decentralization improves governance and public service delivery by increasing allocative efficiency (by matching public services to local preferences) and productive efficiency (by improving governance such as increased accountability of local governments to citizens, and fewer levels of bureaucracy, better cost efficiency). In another words decentralization leads to better governance and economic performance. It is argued that the success in achieving the MDGs hinges very much on how effectively a country devolves tasks and functions along with the resources to different layers of government (UNDP, 2002).

The process of decentralization to improve governance and increase people's participation has been championed for a long time in Nepal even before the restoration of democracy in 1990. More concrete measures have been taken during the period 1991 and 2005 to strengthen decentralized governance. Interim Constitution 2006 has a full section on the system of local governance. Objective of local government, as laid down in the Interim Constitution is to avail services at the very local level and to attain 'institutional development of democracy from the very lowest level'. The Interim constitution spelled out clearly for a federal structure of governance system in the country. The GoN has already started devolving resource authorities to the local bodies and channelling its significant resources to the local bodies, with a view to improve service delivery through the local bodies. The trend is increasing – thus, the local bodies have greater service delivery responsibilities than before. This sets a stage for a need to an enhanced administrative and management effectiveness of the local bodies. The primary questions include what is the management and administrative capacity of the local bodies, how effectively they have organized themselves with regard to delivering services to citizens, and whether there is a need for policy improvement to make the administrative and management system of local bodies further effective.

1.2 Study Context

This study has been designed and carried out during a very unstable political situation when the country is transitioning from unitary to federal state, political parties are putting their efforts to make new constitution in the country and local government units have been running without having elected officials since middle of July 2002. The local bodies are managed under an ad hoc mechanism chairing the respective bodies by civil servant who used to be their secretaries.

1.3 Study Objectives

The initial general objectives of the study were: a) to identify the areas of improvement with regard to administrative and organizational management system of local bodies in Nepal vis-à-vis their service provision responsibilities to the citizens; and b) to determine the mechanisms to enhance the capacity of the local bodies (administrative, organizational, human resource) to effectively execute the service provision responsibilities to the citizens.

Based on the discussions with Thematic Committee members, the following were identified as specific objectives of the study and agreed upon to reorient the study accordingly:

a) to identify service delivery modalities adopted by local bodies[1] /governments in some developing countries and in Nepal; and

b) to assess key service delivery modalities with their policy implications, and recommend to effectively execute the service provision responsibilities to the citizens.

1.4 Key Assumptions and Rationale of the Study

In the given transitional context, the study has been carried out with the following key assumptions as concerned at least 3 Constitutional Committees[2] have implicitly recommended for different level of local governments.

- Local government units are important democratic institutions representing government closer to citizens. These are the vehicles of strengthening grassroots democracy. New constitution of Nepal will recognize these facts and will provision local government units under the under federal structure.
- There will be accountable and elected local government units in the country soon.
- Participatory development will be strengthened and scaled up primarily based on Nepal's own experiences and best practices, vibrant social capital and institutional fabric at local level.
- As in other federal and democratic country, local government units in Nepal will also be made responsible for service delivery at local level. To perform this role by the LGUs effectively, the study findings and recommendations will be useful.

1.5 Scope of Work and Limitations

Service delivery is much broader and it encompasses a number of sectors and cross-cutting areas. There are multiple partners delivering the services at different levels and in different sectors in Nepal. The study is focused on service delivery functions of local bodies (at local level) in Nepal.

The study did not have any resource provisions for primary level data collection and surveys (like service delivery surveys) to generate fresh empirical information. Therefore, the study was limited to very partially available secondary information and literature reviews. Another limiting aspect of study was limited time allocated and human resource provision for the study.

1.6 Expected Output/Deliverable

The expected output of the study will be a comprehensive report identifying and assessing key service delivery modalities adopted by local bodies/governments in some developing countries and in Nepal with their policy implications and recommendations in order to effectively execute the service delivery functions.

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[1] Local body(ies), LG (Local Government), Local Government Units (LGUs), Local Government (LG) have been used inter-changeably to mean the same in this study report

2 a) Committees Determining the Form of Governance of State, b) Committee for Restructuring the State and Distribution of the State Power, c) Committee on Fundamental Rights and Directive Principles

1.7 Organization of the Study Report

The report is organized in nine different sections. The *first section* outlines the context and background, objectives and scope of the study and expected outputs. *Section two* outlines study framework, methodology and approaches. *Section three* discusses on political economy of service delivery and recent paradigms on the role of government and other partners in delivering public goods services. *Section four* describes key components of service delivery and the framework for measuring service effectiveness, which sets out the conceptual framework for entire study. *Section five* examines the service delivery provisions at local level in Nepal followed by *section six*, which discusses on the recent policy initiatives taken by the government to improve the service delivery at local level. *Section seven* summarizes the key issues and challenges.

Section eight gives an overview of major service delivery models and approaches practiced around the world. This section includes extensive discussion on conceptual understanding, their advantages, disadvantages and related issues.

Finally, *section nine* includes the conclusion and major findings of the study. The recommendations are drawn based on the discussion on key issues that emerged from the analysis and key policy recommendations are translated into specific action points and included in the policy action matrix (annex 1).

2. STUDY FRAMEWORK, METHODOLOGY AND APPROACHES

At the beginning, available literatures were collected, reviewed and an inception report was submitted to the Ministry of Local Development to be discussed with the stakeholders. Based on the feedback provided by the Ministry and Thematic Committee, further steps of the study were carried out. The researcher identified critical issues and a range of service delivery methods and approaches across the countries for possible in-depth study. These were subsequently scrutinised and few service delivery methods were selected for detailed assessment and analysis.

2.1 Desk Study, Literature Review and Consultation with Key Stakeholders

The study was re-oriented addressing the need of the client organization and was carried out mainly based on the desk study and stakeholders consultation. Internet-based research was carried out to explore different service delivery methods across the countries and levels of governance in addition to the review of available literatures.

2.2 Exploration and Assessment of Existing Service Delivery Models

Based on the literature review and internet-based research a number of service delivery methods and approaches were explored and identified. Then few methods that are potentially useful in the Nepalese context were assessed and discussed in detail.

2.3 Presentation and Interaction with Stakeholders

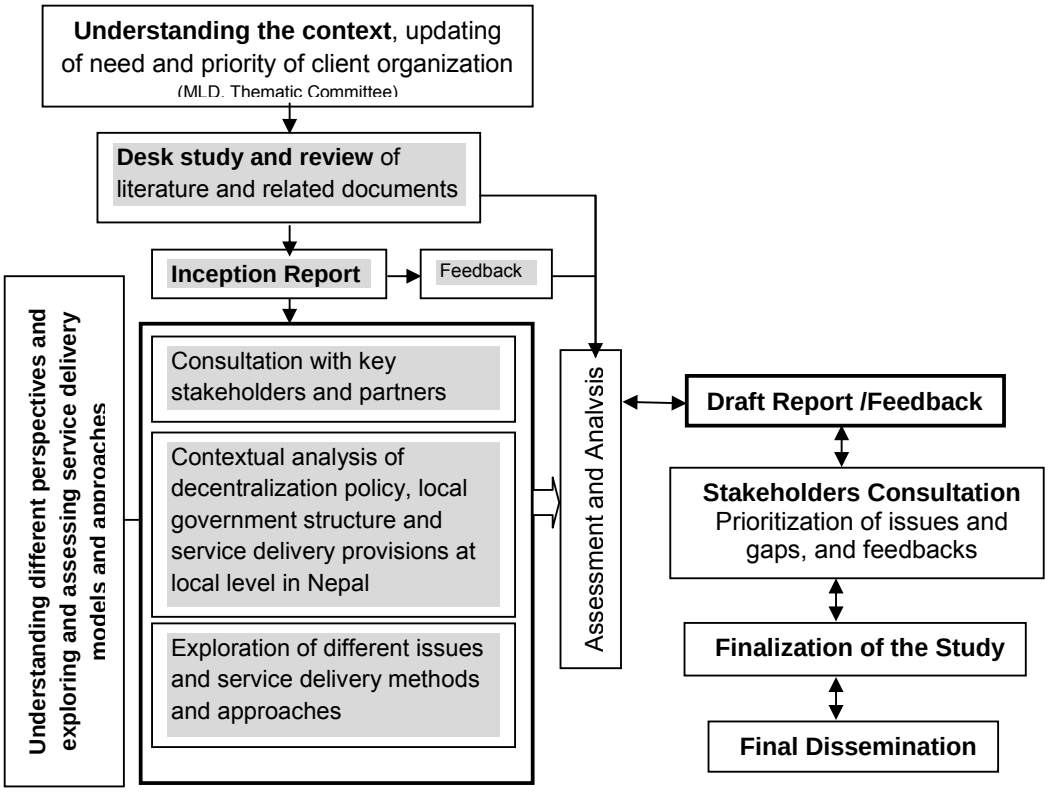
From the beginning of the study, key stakeholders were consulted on regular basis (both - formally and informally, annex 2). Intermediate study findings were presented in an extended Thematic Group meeting on 8th July 2010. Feedbacks were incorporated in the study process and revised report was shared in the stakeholder's consultation cum Thematic Group meeting held on 31 August 2010 at MLD. Relevant inputs provided by the pair reviewer and participants during the series of interaction programmes and ADB Mission on the first week of September were also further addressed during the finalization process of the study.

2.4 Sharing and Final Dissemination

During the entire study process, key stakeholders were consulted on regular basis on both ways – formal and informal. At different milestone steps they were consulted, progress was shared and feedback was solicited and addressed in the study.

In a nutshell, the following figure (1) shows the overall study framework, methodology and approaches.

Figure 1: Study Framework, Methodology and Approaches


Understanding the context, updating of need and priority of client organization
(MLD, Thematic Committee)
Desk study and review of literature and related documents
Inception Report
Feedback
Understanding different perspectives and exploring and assessing service delivery models and approaches
Consultation with key stakeholders and partners
Contextual analysis of decentralization policy, local government structure and service delivery provisions at local level in Nepal
Exploration of different issues and service delivery methods and approaches
Assessment and Analysis
Draft Report /Feedback
Stakeholders Consultation
Prioritization of issues and gaps, and feedbacks
Finalization of the Study
Final Dissemination

3. THE POLITICAL ECONOMY OF SERVICE DELIVERY

3.1 Service Delivery: Definition and Basic Concepts

This section sets out some of the definitions around service delivery (SD) and the rationale for providing services.

Service Delivery: Service Delivery is conceptualised as the relationship between policy makers, service providers, and citizens. It encompasses services and their supporting systems that are typically regarded as a state responsibility.

Pro-poor service delivery refers to interventions that maximise the access and participation of the people by strengthening the relationships between policy makers, providers, and service users.

Service Providers: It includes state organizations (ministries, departments, regional/district/ municipal/village level organizations including local government units), frontline professionals (doctors, nurses, teachers, engineers, extension workers, etc.), and other partners that support these organizations and professionals (training institutes for example).

(Adapted from Berry, Chris et. al, 2004:8)

Public Goods: Those goods and services whose consumption is not decided by the individual consumer but by the society as a whole, and which is financed by taxation. A public good (or service) may be consumed without reducing the amount available for others, and cannot be withheld from who do not pay for it. Public goods (and services) include economic statistics and other information, law-and-order enforcement, national defense, parks, etc. No market exists for such goods, and they must be provided to everyone by the government.

Other common examples of public goods include "national defence" and law enforcement (including the system of property rights), public fireworks, clean air and other environmental goods, and information goods.

Private goods and services

Private good is an opposite of the public good. There are two key features of such good: excludability – cannot be consumed by everybody since consumption by one person reduces or excludes consumption by another; and depletive—it is finite.

Given the scope, the study focused on the basic services provided by the local government units (LGUs): District Development Committee (DDC), Village Development Committee (VDC) and Municipality. Thus, this study is generally limited to a narrower definition of ‘basic services’ that fall under the responsibility of the LGUs.

3.2 Service Delivery: Primary Responsibility of State and Its Changing Role

Effective service delivery of essential services is the key to the well-being of people. Accessible to and quality services contribute to the achievement of the Millennium Development Goals and the strengthening of democracy.

Service delivery is considered as the primary responsibility of the state in welfare model of government. In this model, the state bears the legal responsibility to ensure that the fundamental human rights are realized through different service delivery provisions at different levels of governance. The state is also placed to respond to the

challenges of scale and market failure in ensuring access to services to people (Berry, Chris et. al, 2004:7). Therefore, people's expectation from the state is persistent in every instance and is accelerated after any political movements in the society. It has been proved true in the Nepali context as 'people's movement' in 1989 and 2006-2007 have raised people's expectation to a large extent.

The need to strengthen the delivery of public goods and services for citizens has, in recent decades, assumed great significance both in developed and developing countries (Karim, 2003: 199-204). This paradigm shift has been linked with the shift in public administration whereby the emphasis has now moved beyond the pure New Public Management (NPM) criteria of efficiency, value for money, managing for results, procedurals to the '***public value model***' which elevates the NPM notion of citizens as consumers to citizen with broad social concerns and takes into account factors such as citizen voice, community building, equity and accountability (Hefetz and Warner, 2004, Denhardt and Denhardt, 2000 in Njunwa, 2007: 1).

Under the '***public value model***', the primary criteria for effective government is the extent to which public policy innovations have succeeded in promoting citizen access to public services, trust and participation in the processes of government as well as the extent to which these innovations have enabled the citizens to grow and develop as respectable individuals, unthreatened by insecurity, ignorance, poverty, and diseases (Kelly and Muers, 2002 in Njunwa, 2007: 1).

In recent years, political scientists and development analysts have emphasized the central role that government that need to play in regulating, financing, overseeing and monitoring the delivery of services. These aspects of governance have been discussed in the following sections.

3.3 Decentralization and Service Delivery: Paradigm Shift

From decentralization to democratic local governance

Decentralization as an approach to governance and development management occupies an important conceptual position within the development and political discourses. For service delivery, decentralization is often considered particularly important as these services are inherently local in their delivery. This section discusses on the evolving concept of decentralization –from its traditional form to more governance dimension.

Concepts of decentralization have been changed rapidly over the past quarter of a century in tandem with the evolution in thinking about governance. Until the early 1980s government and the state were generally perceived as interchangeable. In this concept, government was seen as the institutional embodiment of state sovereignty and as the dominant source of political and legal decision making. Thus, decentralization, in traditional form, was defined as the transfer of authority, responsibility, and resources– through de-concentration, delegation, or devolution –from the center to local levels of administration (Rondinelli, 2006: 1).

By the early 1980s, increasingly in international trade and investment; growing economic, social and political interaction across national borders; and rapidly emerging technological innovations that increased the scope and reduced the cost of communications and transportation and helped spread knowledge and information worldwide, changed

perception of governance and spatial dimensions and functions of the state. With these technological advancement and changed conceptual context, the concept of governance also expanded to include not only government but also other social institutions, including the private sector and civil associations.

Debates shifted from the proper allocation of responsibilities within government to how strongly the state should intervene in economic, political and social activities, whether central governments inhibited or promoted economic growth and social development, and the appropriate roles of government, the private sector, and civil society (Rondinelli, 2006: 1).

In recent years, people's lives are being highly influenced and shaped not only by their own governments, but largely by a variety of national and international institutions operating both within and outside of national territories. Thus, it became more apparent in recent years as we popularly called it as 'globalization'. On the one hand, countries are pushed to adopt market-based economies and national and sub-national governments in developing countries, which increasingly lost their control over the impact of their public policies and traditionally played dominant role in managing national affairs. On the other hand, communication and transportation networks helped integrating the societies outside the national territories and demands for political participation grew even in countries that had totalitarian or authoritarian governments. Furthermore, governments were also pressured to decentralize by political, ethnic, religious, and cultural groups seeking greater autonomy in decision making and stronger control over local resources. Thus societies became more and more complex and interconnected. All these trends changed the traditional concept of decentralization, and impacted on overall governance and service delivery process.

The concept of governance is more inclusive and goes beyond the formal government institutions. The United Nations, in 1990s, defined governance as "the exercise of political, economic and administrative authority in the management of a country's affairs" (UNDP, 1997: 9). The United Nations Development Programme perceived of governance as those institutions, and the private sector interact with each other in shaping public affairs and through which citizens articulate their interests, mediate their differences and exercise their political, economic, and social rights (Rondinelli and Cheema, 2006:6). Accordingly, the concept of decentralization adopted new dimension and new forms – from the transfer of authority within government to the sharing of power, authority, and responsibilities among broader governance institutions (both formal and informal) and managing the public affairs collectively.

Thus, decentralized governance became an important democratic instrument for building institutional capacity for delivering and managing services within the network of local governments, private sectors and civil society organizations to achieve the Millennium Development Goals and improve chances of successfully implementing policies for the poor that depend on local communities to take ownership of poverty-alleviation programmes.

Does decentralized governance improve service delivery and accountability?

Decentralization is at the heart of a range of reforms seeking to improve service delivery through paving a 'short road to accountability' (WB 2004). Citizens under a centralized

regime normally have to voice their demand for better services to central authorities who in turn direct local level bureaucrats to respond. By bringing policy makers closer to the public, decentralization makes it easier for citizens to voice their demands on government, as well as better monitor the performance of the responsible politicians or bureaucrat. Policy makers are also in better position and able to monitor their subordinates who are in the front-lines of service delivery (Fritzen and Lim, 2006: 4-5).

Box 1: Decentralization and improved service delivery

There are several successful experiences wherein decentralization played an instrumental role in improving basic service delivery, such as the experience of 16 municipalities in Columbia where water, education and road infrastructure improved.

Another example is the City of Porto Alegre in Brazil, which experienced a doubling of enrollment rates and improved access to basic sanitation. Yet while the available empirical evidence suggests a positive impact of decentralization on service delivery, the evidence is insufficient to conclude causality, as decentralization often coincides with other reform programs (Bardhan, 2002: 182-205).

Accountability is also intended to improve with decentralization as local political competition and the public's greater ability to monitor local officials can improve performance and lessen corruption. But these positive effects can be off-set by several risks faced in the decentralization reform process (Campos and Hellman, 2005 in Fritzen and Lim, 2006: 4). In places where powerful local elites exist, decentralization could serve as a vehicle for greater consolidation of their power and influence, leading to the eventual capture of the state (e.g. many provinces in Pakistan). There is also the risk of expanding and further enrooting clientelist networks and patterns of patronage politics. Local politicians could instead choose to cater to a small subsection of the electorate who could be counted on for loyalty and political support come election time. There is a growing consensus that context plays an important role in how decentralization affects accountability. The strength and influence of competing interest groups, levels of economic and social inequity, and the capacity of institutional counterchecks on government (local legislature, judiciary, media, and civil society), among other factors, affect the impact of decentralization on accountability relationships.

Box 2: Ambiguity in decentralization process

Indonesia offers an example of the ambiguity of a major decentralization reform. While its experience of 'big bang' decentralization has clearly opened up new spaces for popular participation in political debate and for the watchdog groups in civil society, there has also been evidence of every one of the major problems associated with decentralization, such as 'decentralizing corruption', increased inequalities between resource-rich and resource-poor regions, failure of the central government to successfully set and enforce minimum service standards in critical areas of national priority (Hofman and Kaiser 2002 in Fritzen and Lim, 2006: 5).

The World Bank suggests that two conditions that allow political decentralization to bring about the promised improvements in basic social services: "First, voters must be more likely to use information about the quality of local public goods in their voting decision. Second, local political promises to voters must be more credible than regional and national promises" (World Bank, 2004: 89).

Box 3: Accountability in decentralized service delivery--key findings

The World Development Report 1994 on Infrastructure cited several cases of quality improvement and cost savings in infrastructure projects after local communities were given part of the responsibility in management. A review of World Bank data for 42 developing countries found that where road maintenance was decentralized backlogs were lower and the condition of roads better. Data for a group of developing countries revealed that per capita costs of water in World Bank-funded water projects were four times higher in centralized than in fully decentralized systems. A study of 121 completed rural water supply projects, financed by various agencies, showed that projects with high participation in project selection and design were much more likely to have the water supply maintained in good condition than would be the case with more centralized decision-making.

A similar story on accountability can be told in the field of education and health, comparing North India with some authoritarian countries. Institutions of local accountability are rather weak in large parts of North India, and it is common to observe, for example, the serious problem of absenteeism of salaried teachers in village public schools and of doctors in rural public health clinics. The villagers are usually aware of the problem but do not have the institutional means of correcting it, as the state-funded teachers and doctors are not answerable to the villagers in the insufficiently decentralized system.

On the other hand, in non-democratic China the local Communist Party officials have sometimes been quite responsive to local needs (at least as long they are not conflicting with the Party's program), as the comparative study of two villages in China and India by DrPze and Saran (1993) show in the context of China's far better performance in the provision of primary education at the local level. Similar accounts are available of more effective public pressure in rural basic education and health services in Cuba compared to some of the more democratic regimes in Latin America. There are, of course many, for example, PROBE (1999), on the basis of an intensive survey of 234 randomly selected villages in North India carried out in 1996. It was found that authoritarian countries where local accountability is completely absent and the situation is much worse than in North India.

Taken as a group, these studies suggest generally positive effects of decentralization, but it is hard to draw conclusive lessons. Many of the studies are largely descriptive, not analytical, and often suggest correlations rather than causal processes. Most of them are not based on household survey data, making the comparative impact of centralized versus decentralized programs on different socio-economic groups of households difficult to assess (Bardhan, 2002).

3.4 From Territorial Local Government to Local Governance: Changing Roles

The evolution from government to governance is redefining the theory and practice of local public administration (Stoker, 1998). In particular, scholars point to the increasing importance of complex inter-organizational networks for service delivery (Gross, 2001), an expansion of collaboration (Agranoff and McGuire, 2003) and decentralization (Bardhan and Mokherjee, 2006) as key features in a changing democratic environment. However, while scholars argue that governance represents a change in the process of governing that maintains governmental outputs, those procedural changes are restructuring local governments and citizens' expectations about them. These institutional changes may erode basic assumptions about what local government is.

The concept of local governance goes beyond the territorial approach of local government. It emphasizes on network, collaboration and partnership among different stakeholders operating at different levels. Local governance concept also combines both demand and supply side. Stoker defines that "Governance is about autonomous self-governing networks of actors" (Stoker, 1998:23).

Local governance: concept, processes and strategies

Local governance is not a new concept, but a new phenomenon. Its philosophic root goes back centuries (2070 BC in China, 2500 BC in ancient India, 1000 BC in Western Europe).

The concept recently received greater attention in the academic discourse and development literatures. Local governance is related to collective action. It encompasses the roles of formal and informal institutions, norms, networks, and community organizations. The role of local government in good local governance is to lead and shape overall governance processes and ultimately influence people's rights, sustainable quality of life, and freedom of expression for all.

Local government plays more stewardship role and determines the type of services to be provided in which its citizens would be better served by entering into partnerships or contracts with outside entities. Local government plays a catalytic role and contributes to the expansions of governance network, strengthens accountability mechanisms and encourage efficiency and innovations.

A contracting decision promotes market competition or collaboration and gives the government agency an opportunity to choose from a set of service providers, support the activities of desirable organizations, or promote a policy agenda. In exchange for the opportunity to generate a degree of innovation, the government organization relinquishes control over the personnel and expertise required to produce a service (Sinclair, 2008: 2). In this context, government personnel's roles and responsibilities also have to be changed from service producer and/or provider to contract management and oversight in-charge.

On another side, governance approach produces a complex map of service providers and decision-making becomes more complex. Citizens might have difficulties in finding direct linkages between their concerns and how these are processed in governance process and services are provided. Over time, and in the aggregate, citizens may see a decline in the visibility of their local governments in their neighbourhoods. When local governments become more involved in contract management, they may reduce their direct roles in service delivery. Thus, local governments remain in the background of service delivery. In such cases, local governments might be less involved in direct interactions with citizens, if appropriate avenues for dialogue are not established. The challenges for local government in managing governance is not limited to how they can use networks to enhance public value, but also how they maintain their centrality, credibility and legitimacy in governance systems.

In a nutshell, creating a democratic culture and vibrancy in society through broader and meaningful participation, ensuring sustainability, managing conflicts, ensuring equality in

the society, improving living condition and protecting life and liberty of citizens are the key functions and these carry implicit features of local good governance.

The concept of local governance evolves in and around the principles of autonomy, subsidiarity and proximity. In this broader governance context, the role of local governments has to be transformed from its traditional role of being extended hands of central level government and implementing their will to a more democratic role. The local government needs to play an important role improving efficiency, accountability, inclusion, and exercising their autonomy. It demands that decision making occur at the lowest possible level of government consistent with allocative efficiency. Local decision making can be much responsive to the people for whom decisions are taken and services are intended. In this perspective, local governments need to be more participatory, responsive, inclusive, and result oriented.

The following are the additional key features of local governance.

- Local governance includes the diverse objectives of vibrant and self-governing communities.
- Good local governance is not just about providing a range of local services but also about:
    - preserving the life and liberty of residents,
    - creating space for democratic participation and civic dialogue,
    - supporting market-led and environmentally sustainable local development, facilitating outcomes that enrich the quality of life of residents.

Role of local government in governance context

The presence of a vast network of entities beyond government that are engaged in local services delivery or quality of life issues makes it unrealistic to treat local government as a single entity. The role of local government in governance context contrasts sharply with its traditional role. LG's role has to be transformed from its traditional role of being the extended hands of central government to a more democratic role. Local government need to play a catalytic role in facilitating the roles of community groups and networks in improving social outcomes for local residents. To play such a role, local government must develop a strategic vision of how such partnerships can be formed and sustained.

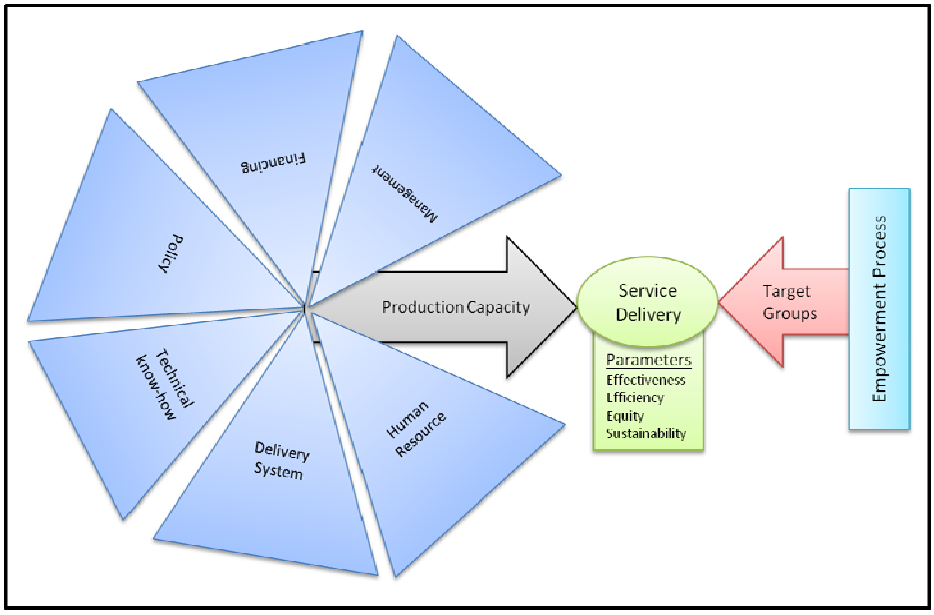
4. FRAMEWORK FOR MEASURING SERVICE DELIVERY EFFECTIVENESS

4.1 Key Components of Service Delivery

Delivery of basic service is fundamental to the well-being of people. Strengthening the provision of essential services can also contribute to the long-term process of state building and may help to rebuild the legitimacy of the state and to strengthen civic engagement and deepen democracy in the society.

Service delivery is a two-way and interactive process. There are a number of components that are involved in the service delivery process. A good combination of all these components determines and quality of service delivery, access and coverage and their overall effectiveness. On the one hand, production capacity of service provider is determined by management, financing, policy, technical know-how, delivery system, and human resources. On the other hand, empowerment status of the garget groups largely determine the receiving or access capacity of services provided to them. Bringing both sides closer helps increasing access and quality of service delivery (figure 2).

Figure 2: Key Components of Service Delivery



Author's construct, 2010

From the demand side perspective, a key element for effective service delivery is the empowerment of people as citizens, which can improve or limit access to and quality of services. These can include a variety of forms of citizen participation in public service delivery and policy making through a growing set of instruments:

- Public Expenditure Tracking Surveys (PETS)
- Citizen monitoring of public service delivery
- Citizen advisory boards
- Citizens charters
- Social/public auditing and public hearings
- Integrity pacts, citizens score cards, etc.

Other demand-side dimensions and related aspects of service delivery are discussed in the sections below.

4.2 Community Participation and Allocative Efficiency

In relation to service delivery, there are a range of issues related to the role of community participation and stakeholder involvement in service provision. As shown in the figure 3 the short route of accountability provides for direct community action, both through community provision of services and through communities holding providers accountable at the point of service delivery. This can involve user groups, hiring and monitoring teachers by school management committee members, etc.

Community participation focuses on the idea that involving stakeholders in decision-making about their communities and broader social issues has important social, economic and political benefits. In the 1980s and 1990s, for a variety of reasons, public sector donors, policymakers, I/NGOs, emphasized the value and potential benefits of participatory approaches. Their interest in participation emerged from a range of concerns: failures in state-led development and movement towards democratic local governance.

Community participation helps improving various dimensions of allocative efficiency by giving greater attention to the priorities of communities, increased transparency on budgets and public resources through mechanisms like Public Expenditures Tracking Systems, and a subsequent reduction on 'rent seeking" by those in power. Finally, accountability can be improved by increased transparency through meaningful community participation in public hearings and social/public auditing procedures.

There is broad agreement that community-based interventions have the potential to be more responsive to the needs and priorities of beneficiaries (allocative efficiency). There is also some evidence that community-based projects are comparatively cost effective (productive efficiency) because of lower levels of bureaucracy and better knowledge of local reality and costs. While those projects which draw primarily on locally available skills, materials and financing are clearly likely to be more sustainable, some commentators have argued that this simply amounts to shifting the financial burden of service delivery to potential beneficiaries, which means that care needs to be given to the demands on community time and costs to beneficiaries. Different aspects of allocative efficiency can be seen in the decentralization cases from Kerala and Rwanda, as well as the water programs in Malawi and Ethiopia (Commins 2007:2).

Community-based approaches typically aim to build 'social capital' but it is often applied uncritically with inadequate understanding of cultural and political context and vested interests in the status quo. Furthermore, the risk with the participatory approach to economic development or service delivery that focuses too much on 'community participation' is that it may idealize the internal coherence and solidarity in communities, and miss the essential tasks of supporting effective, accountable and transparent public institutions (Commins 2007:1-2).

Box 4: Bangladesh example

Recently, Mozumder and Halim evaluated the effectiveness of a participatory institutional development mechanism related to improved primary education in Bangladesh. Their overall conclusion was that, with some recognized difficulties or shortcomings, the two key factors for the participatory process, school catchment area mapping and school planning, were generally successful in reaching improved primary school enrolment, higher retention, reduced dropout and overall better learning. These participatory school management approaches utilized social capital by involving communities to attain better learning achievement (Mozumder and Halim, 2006 in Commins 2007:14).

4.3 Measuring of Service Delivery Effectiveness

This section sets out the conceptual framework for measuring the service delivery effectiveness and assessing different service delivery methods and approaches.

Accountability: key to service delivery effectiveness

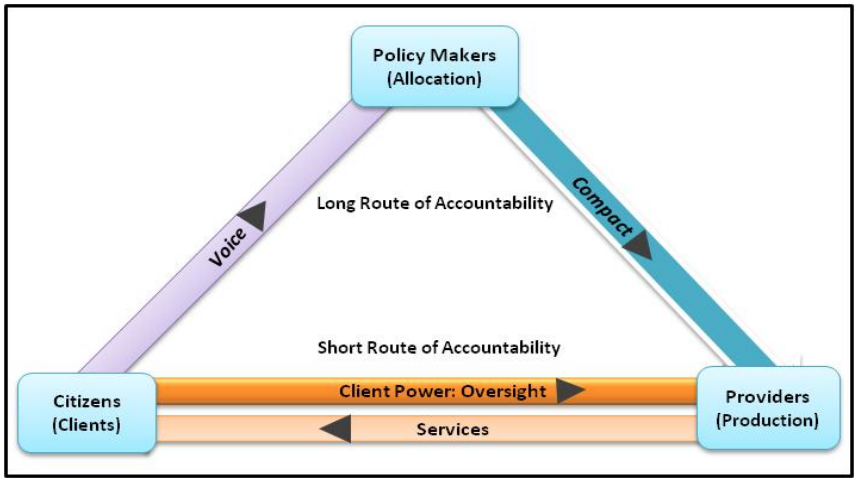
Public service provisions underpin the social contract between states and citizens. Government anywhere deliver services effectively when there is clear accountability between citizens and service providers (OECD, 2008:13). Accountability emerges as a complex chain of relationships linking users, policy makers and service providers. Services reach the public in a two-step process: policy makers allocate and providers produce the services. But in fragile states this broad service compact often breaks down and service users must take an active role in imposing accountability by engaging directly with service providers.

Service delivery as a governance process

Different groups in society will have different visions about what makes "good" or "effective" service delivery. As this study is focused at local government level, more attention has been given on governance processes, where accountability is the key to democratic local governance and effective service delivery.

Service delivery is not only a technical task but also a governance process. It has a political dimension. The degree of effectiveness of service delivery depends on the degree of accountability. Thus, service delivery is a governance process that requires a clear relationship of accountability between clients/users, providers and policy-makers (see figure 3).

Figure 3: Accountability Triangle



Source: Adapted from World Bank, 2004

The World Development Report 2004 proposes it as a possible framework for conceptualising pro-poor service delivery and examining the service delivery effectiveness. It also highlights the central role of the state in guaranteeing the provision of services and the role of politics in this process.

Policy Makers and Citizens

Strengthening the citizen's voice enhances accountability of policy makers motivating them to be responsive to the needs of communities and stimulates demand for better public services from service providers.

Providers and Citizens

Citizens can also exercise power as the end users of services, described in the WDR 2004 as "Client Power" over service providers and hold them accountable for access, quantity and quality of services. Improved information about services being provided at the local level, as well as a choice of providers, can represent important elements of client power.

Clients are usually in a better position to monitor programs and services than most supervisors in public sector agencies—who provide the compact and management. When the policymaker—provider link is weak clients may be the best positioned due their regular interaction with frontline providers.

For this study purpose, providers include both those who are working directly to provide service to people at local level (VDC Secretaries, front line extension workers, health workers, teachers, water technicians etc) and also the organisations and institutions which support those frontline staff (including international agencies).

Policy Makers and Providers

Policy makers exert influence on the providers through an implicit or explicit contractual relationship, which the WDR 2004 referred to as Compact or Management. The provider is to deliver a given level of performance following administrative instruction or according to a contract, and the policy maker uses the instruments of financing, regulation and

monitoring and evaluation to exert control. In the framework of the WDR on client power, improving client power—the short route of service delivery—can overcome various weaknesses of the long route), even when services remain the responsibility of government. One of the simplest examples (in theory, not necessarily practice) is having poor people monitor service providers.

Service Delivery and Accountability Mechanisms

Service delivery failures result when any of these relationships break down. For instance, service failures may occur when citizens are unable to influence public action through the long route of accountability (break on the left side of the triangle), when there is non-payment of salaries to service providers (break on the right side of the triangle) or when there are difficulties in implementing services, such as poorly trained or absent teachers, part of the short route of accountability (break on the bottom of the triangle) (Commins, 2007:1).

Accountability plays a central role in service delivery. The ***long route accountability*** is long practiced and is more visible in both developed and developing countries. In this mechanism state agency or their designated agency provide services, citizen express their satisfaction or dissatisfaction (voice) through political parties, administrative mechanisms, legal institutions (court and judicial institutions) and media channels. Citizens also use these channels to voice public demands – including their preferences concerning policies of allocation and production of services. The functioning of ***long route*** of accountability depends on a legitimate and effective state. It may easily break down in fragile situations, becoming problematic or even inoperative. This is the case in many developing countries (including Nepal) where ordinary people have little power over their elected officials, who may be embedded in a client list (serving the needs of those politically connected) or non-competitive political system. Furthermore, 'there is also an informational dimension to accountability. Policy makers must be informed of citizen's preferences and citizen must have information on policy decisions and service quality' (OECD, 2008: 17).

The mechanisms for holding elected and appointed officials accountable are complex and multi-faceted. It is vital to emphasize that elections, even when free and fair, provide only a thin line of accountability. Whether through the short route or the long route, the linkages between community participation and service delivery are complex and highly contextual. In developing countries like Nepal, where governments is willing but lack capacity, information flows may be impeded; weak communications and transport links can result in impaired public accountability.

The ***short route of accountability*** is effective in which clients can help provider in tailoring the service packages with their local needs and preferences, and they also can monitor the quality and procedures using 'client power'. In this mechanism providers should be responsive to local needs and priorities, and must have sufficient authority and resources to respond to these local needs and preferences. In this case, economies of scale can be an issue, but in many aspects this issue can be addressed through collation and partnership arrangements.

The short route of accountability depends on level of people's empowerment and true participation in the process, degree of decentralization, stock of social capital, openness

in the society and role of civil society organizations. In this mechanism, citizens have better relationship with and influence on providers, providers have much flexibility to address citizen's preference and effective two-way communication do exist.

This can be as the primary mechanism for improving the responsiveness of frontline providers to local needs, which is critically important from the perspective of grass-roots democracy. Therefore, in recent years, these features have been embedded in the local governance process. Local governance approach considers service 'delivery processes' as an important element of effective service delivery.

Pro-poor service delivery

The provision of basic services has the potential to break the intergenerational cycle of poverty and increase economic opportunity. It also can mitigate social exclusion (officially or unofficially enforced), particularly in marginalized areas (Berry et. al (2004:10-11). Widespread evidence shows that services are failing poor people in a large number of countries with negative impacts on human development outcomes (WB 2003).

Too often, services fail poor people—in access, in quantity, in quality. But the fact that there are strong examples where services do work means governments and citizens can do better. How? By putting poor people at the centre of service provision: by enabling them to monitor and discipline service providers, by amplifying their voice in policymaking, and by strengthening the incentives for providers to serve the poor (WB, 2004: 1).

Role of local government in service delivery and poverty reduction

Local governments in less developed Asian countries (LDCs) can play a significant role in poverty reduction by devolving authority and strengthening service delivery; being more socially inclusive and accountable to communities; developing pro-poor policies in the social sectors; and partnering with private institutions and community organisations. The LDCs in Asia region are predominantly rural and poverty in rural areas of these countries is massive and widespread. Poverty reduction measures require improvements in basic infrastructures and effective and equitable service delivery systems reaching the poor and marginalized populations, among others. A number of studies in Nepal show that community-based programmes are much effective, efficient and equitable than the institutional-based programmes (RTI, 2008).

There is no single cause of poverty. Poverty is a result of a combination of factors. Evidence shows that poverty cannot be reduced by a single approach determined at the national level. It has to be addressed by using both policy instruments and localized pragmatic approaches.

Local governments have a number of potentialities. First, they are closer to the people and more familiar with local conditions, thus they are well versed in the localized causes of poverty. Second, local government units (LGUs) are relatively more responsive and accountable to local people. But LGUs are very weak in most rural areas, often captured by the elite and adopting ad hoc and fragmented development approaches. Public services are always constrained by a range of influences reflecting a given state's social and historical context.

5. DISCUSSION ON SERVICE DELIVERY PROVISIONS AT LOCAL LEVEL

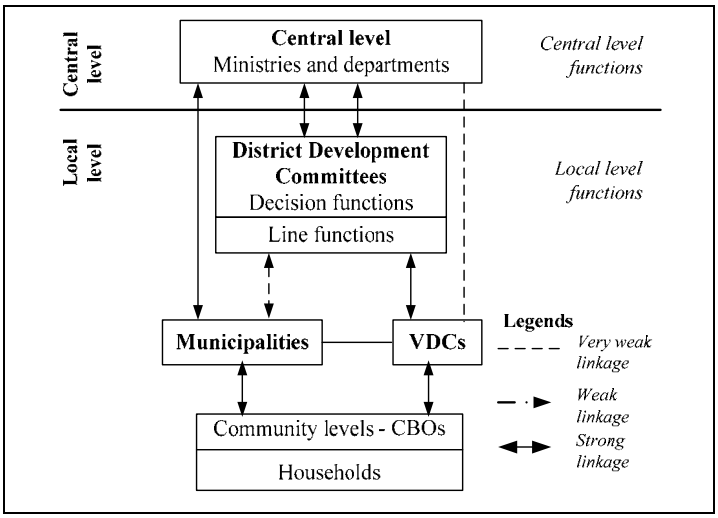
This section includes an overview of the legal, policy and institutional framework of local service delivery, their practices and potential implications. Discussion takes into account of the conceptual framework of measuring service delivery effectiveness as presented in the previous section 4, the accountability triangle (figure 3) in particular.

5.1 Local Self-Governance Act, 1999

Basically, there are two categories of legal framework that provisions local service delivery in Nepal. The first set is related to local governance as legally established by Local Self-Governance Act (LSGA), 1999 and related regulations. It is the recent and overarching legal framework in the country. The second set is sectoral Acts and regulations. Almost all of sectoral agencies (road, forest agriculture, education, postal services, etc.) have their own sectoral acts and regulations under which these agencies operate from center to the grassroots level. These acts and regulations were not harmonized with the LSGA, 1999 therefore, conflict in many aspects (annex 3).

The LSGA, 1999 envisions and authorizes local bodies/government for providing services from different levels: district, municipal and village. The framework follows the devolution form of decentralization (shifting power and accountability from centre to elected local government). It clearly envisions two broad levels of governance: central and local level (figure 4).

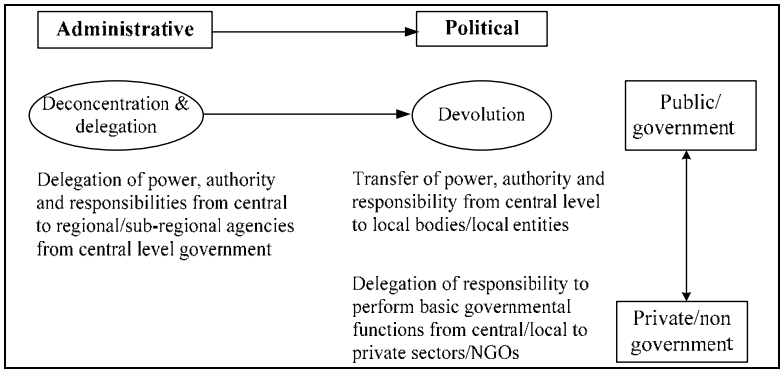
Figure 4: A complete devolution model



Source: Adapted from the LSGA, 1999

The LSGA a milestone legal framework that shifted the paradigm of decentralization model from administrative (adopted from 1960s) to more political and democratic model (i.e. devolution, adopted from 1990s) with attention on governance approach (involving multiple partners in managing public affairs). The following figure shows the paradigm shift in these spirits.

Figure 5: Shifting of decentralisation model: administrative to political


Administrative
Political
Deconcentration & delegation
Devolution
Public/ government
Delegation of power, authority and responsibilities from central to regional/sub-regional agencies from central level government
Transfer of power, authority and responsibility from central level to local bodies/local entities
Delegation of responsibility to perform basic governmental functions from central/local to private sectors/NGOs
Private/non government

Source: Author's construct (documentary review, 2002-2003)

5.2 The Legal Framework of Nepal: A South Asian Perspective

A fairly recent study conducted on local government systems in South Asian countries has highlighted the following points in relation to Nepal when it comes to looking at the efforts in comparative perspectives (McGee et al. 2003: 32).

- Committee system of local bodies in Bangladesh, Nepal and India has also helped to enhance the participation of people in direct governance. It has promoted better accountability and helped in checking the behaviour of an institution and its leadership. Apart from legislative provisions, civil society has promoted transparency and accountability through public hearings.
- In Nepal, the constitutional right to information appears for the first time under Article 16 of 1991 constitution. It is a novel provision in the constitution of the South Asian country although the related laws have not been formulated yet to ensure the fruits of the constitutional provision.
- Nepali press has been able to strengthen itself. Civic forums and pressure groups have become active in criticising and holding the government officials accountable to the people. However, civil society actors, much like their counterparts in Bangladesh, are still demanding the actual manifestation of this right.
- There are frameworks which have been created to ensure the participation of citizens keeping every aspect in mind. However, they are not serving the purpose well, and there is still a long way to go in this respect.

McGee et al. (2003) claim that India, being a federal state, is rapidly moving towards decentralised governance in the South Asian region with its recent amendments in the constitution. "[…] it has a federal system with government at the state level and councils at district, block and village level. Meanwhile the 73rd and 74th constitutional amendments have strengthened these councils or *panchayats* and municipalities when it comes to enhancing participation. In addition, *gram sabhas*, or village assemblies provide arenas concerning direct participation and functions including development planning and election of *Panchayats"* (McGee et al. 2003: 34).

McGee et al. comment about the Nepalese local government structure and provision of participation as follows (ibid: 35):

- *Political participation:* Legal provision guarantees citizen's participation in the electoral process of VDCs and municipalities and the indirect election of DDC officials.
- *Participatory planning:* The LSGA provides legal rights for direct participation at the grassroots level in the form of community meetings and ward assemblies as

platforms to identify local needs. The participatory process involving local stakeholders is a basis of village and municipal development plans and programmes (annex 5).

– *Mediation of disputes:* community participation in local dispute resolution has been ensured in the LSGA and the LSGR. The LSGA gives powers to the community as 'subsidiary governance'. The community's role in this is a long-standing tradition, newly institutionalized in legislation. However, these provisions have not been made effective yet.
– *Accountability:* public access to information is defined more as a right of the people and the provision is used to initiate a mechanism of maintaining accountability at the local level.

5.3 Assignment of Tasks: Service Delivery at Different Levels in Nepal

The scope of service delivery functions and responsibilities assigned by the LSGA to each level of local bodies are summarised in the table below (table 1).

Broadly, local governments have four major categories of functions:

- Efficient service delivery in different aspects of citizen's concerns
- Physical development
- Environmental management
- Local economic development and poverty alleviation

The table also shows that similar types of service delivery functions have been assigned to VDC, Municipality and DDC with few exceptions. The LSGA envisioned different territorial scope of these functions. However, in practice there are a number of duplication and competition practiced in reality.

Table 1: Service delivery functions of different levels of local bodies, 1999

Village Development Committee (VDC)	Municipality	District Development Committee (DDC)
- Agriculture	- None	- Agriculture
- Rural drinking water	- Water resources, sanitation, environment	- Rural water supply and hydropower
- Works and transport development	- Works and transport	-
- Physical development	- Physical development - Enforcement of building code	- Physical works and transport development
- Irrigation, soil erosion control and river bank protection	- None	- Irrigation, controlling soil erosion and river training
- Education and sports	- Education and sports development	- Education and sports development
- Health services	- Health services	- Health services

Village Development Committee (VDC)	Municipality	District Development Committee (DDC)
- Forest and environment	- Note: Environmental management is linked to sanitation (see above)	- Forest and environmental management
- Language and culture	- Social welfare - Cultural promotion	- Language and culture promotion
- Tourism and cottage industry	- Industry and tourism	- Tourism development - Promotion of cottage industries
- Miscellaneous: human resource development, cooperative development, updating of basic information of the area, disaster management, welfare of helpless people, etc.	- Miscellaneous: roadside plantation, provision of slaughterhouses, protection of public or government lands, disaster management, etc. - Optional works. - Municipal finance	- Information and communication Database management - Development of women and welfare of helpless people - Disaster management - Land reform and land management - Fixing the wages of labour - Habitat/ settlement development

Source: Consolidated as provisioned in the LSGA, 1999

As illustrated in the table, DDCs have 16 categories of functions and responsibilities while VDCs and municipalities have 11 categories. Evidently, different levels of local bodies are assigned similar sectoral and cross-sectoral functions and responsibilities. These categories cover almost all types of public services. Indeed, their roles and functions are limited within their respective jurisdiction. The service delivery functions of VDCs and DDCs are broad and more of a rural nature while those of the municipal bodies are more focused and specific to urban services. Municipalities have general functions and some 'optional' functions, which DDCs and VDCs do not have such privileges.

In theory, the local governments are autonomous in carrying out these functions within the broad national or sector policy framework and guidelines provided to them by the central government. However, in practice, these local bodies do not have flexibility and autonomy in carrying out their functions, and there are a number of deterrents and administrative, political and financial hurdles.

The functions and responsibilities specified in the LSGA are not vivid. There are instances when functions and scope of work of local and central government overlap. The central governments have been continuing their activities through sectoral line agencies since the 1980s under a de-concentrated or administrative model of decentralisation. Many functions and activities which are more appropriate for the local governments to carry out have not yet been addressed accordingly. Consequently, there is a weak division of responsibility and even if the same has been sorted out, it is not possible to pinpoint accountability with precision (LBFC 2000: 29-32). The comparative description (details) of functions and responsibilities of local bodies are outlined in annex 4.

5.4 Centre Local Relation in Service Delivery

The Work Division Regulation of HMG/N outlines the functions of the central government in a broad manner. Also consider other sectoral laws which also outline the functions and responsibilities of certain institutions for the delivery of specific services. Functions and responsibilities of local bodies, as explained above, have been envisioned in the LSGA, 1999. The general functions of central and local governments (DDC, VDC and Municipalities) are summarised in table below.

Table 2: Functions assigned to central and local government, 1999

Functions assigned to central level government *(As envisioned in Work Division Regulation and the LSGA)*	**Functions assigned to local govt's (DDC, VDCs, Municipalities)** *(As envisioned in the LSGA)*
- Formulate national policies, plans and programmes of the related sector.	- Formulate policies and plans of the respective area of local bodies with coherence to national plan and policy.
- Implement by own agencies and/or ensure implementation through others.	- Deliver public services by own structure or by user groups, NGOs, CBOs and private sector.
- Establish relationships, linkages and coordination with the related agencies/institutions at international (treaty, agreement) and national (horizontal and vertical) level.	- Establish relationships, linkages and coordination with MLD, NPC, sectoral ministries and donors. Local bodies should coordinate with donors through MLD. However, direct linkage could be established with other sectoral ministries in implementation of programmes. Local bodies have to report their progresses to MLD regularly.

- Regulatory functions: monitor/ supervise/ evaluate sub-ordinate units of government. - DIMC to monitor and supervise local bodies; decentralisation issues. - NPC/MLD/other ministries to provide policy guidelines to local bodies for effective implementation of plans and programmes.	- Role of DDC is more as coordinator than implementer. Municipalities and VDCs play a vital role in providing services at the local level. - Regulatory functions: monitor/supervise/evaluate programmes and projects implemented in the respective area of the local body. - Comply with NPC/MLD/other ministries' policy guidelines.
- Technology development and transfer. - Quality control and capacity-building schemes. - Carry out research, survey, study (conference, seminars, workshops) relating to the sectoral issues.	- Technology development and transfer. - Quality control and capacity-building schemes at service delivery level. - Carry out research, survey, study (Conference, seminars, workshops) relating to the sectoral issues.
- Set standards of services.	- Set standards of services.

Source: Adapted from LBFC, 2004: 24

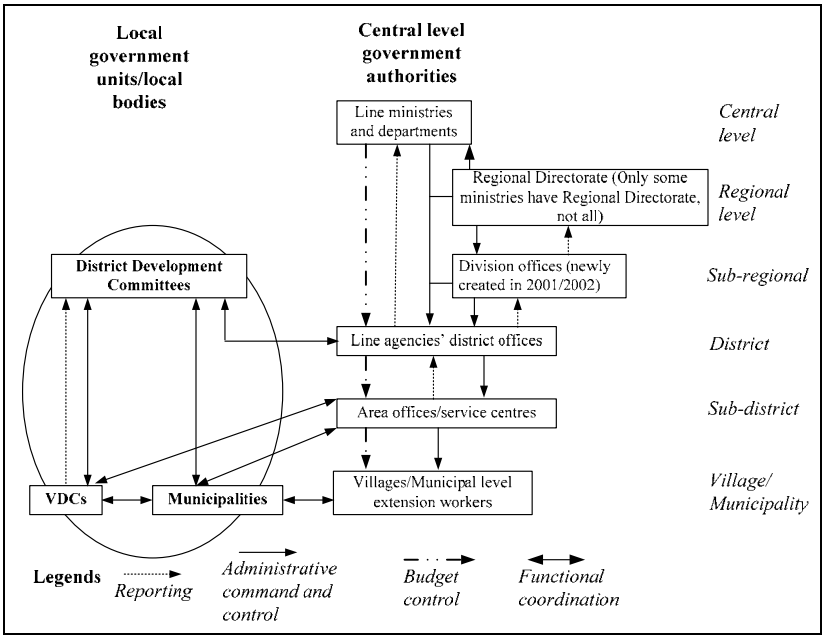
The central level ministries and departments carry out their functions through their respective line agencies mostly present in each district and down to the village/municipal levels. The sectoral functions of line agencies and functions of local bodies are very similar in nature which, incidentally, explains the functional conflicts between line agencies and local bodies. Co-ordination, in most cases, is complicated by the parallel system and mandates (annex 4).

The LSGA (Sections 234 to 239) outlines provisions which ensure control of the central authority over the local bodies:

- To facilitate, direct and monitor the performance of the local bodies,
- To introduce special programmes to consolidate and enhance the capacity of local bodies,
- To provide an annual grant and prescribe its use,
- To form a fiscal commission with representatives from the associations and the local bodies to identify the local taxes to be imposed and to determine the distribution of revenues between the national government and the local bodies,
- To suspend or dissolve local bodies based on specific legal grounds as spelt out in the LSGA,
- To extend the term of the local body members up to one year in case of natural calamity, economic crisis and other unavoidable circumstances.

The figure 6 presents the reflection of conflicting mandates on their institutional setting.

Figure 6: Tension between central level institutions and local bodies, 2003



Source: Author's construct (documentary review, 2002-2003) in Adhikari, 2005: 138

Central level's the line agencies in particular has dominant role. Central-local relation in terms of policy making, planning, budgeting and service delivery is not that effective in Nepal. It is one-way (from centre to the local) and other side is not effective.

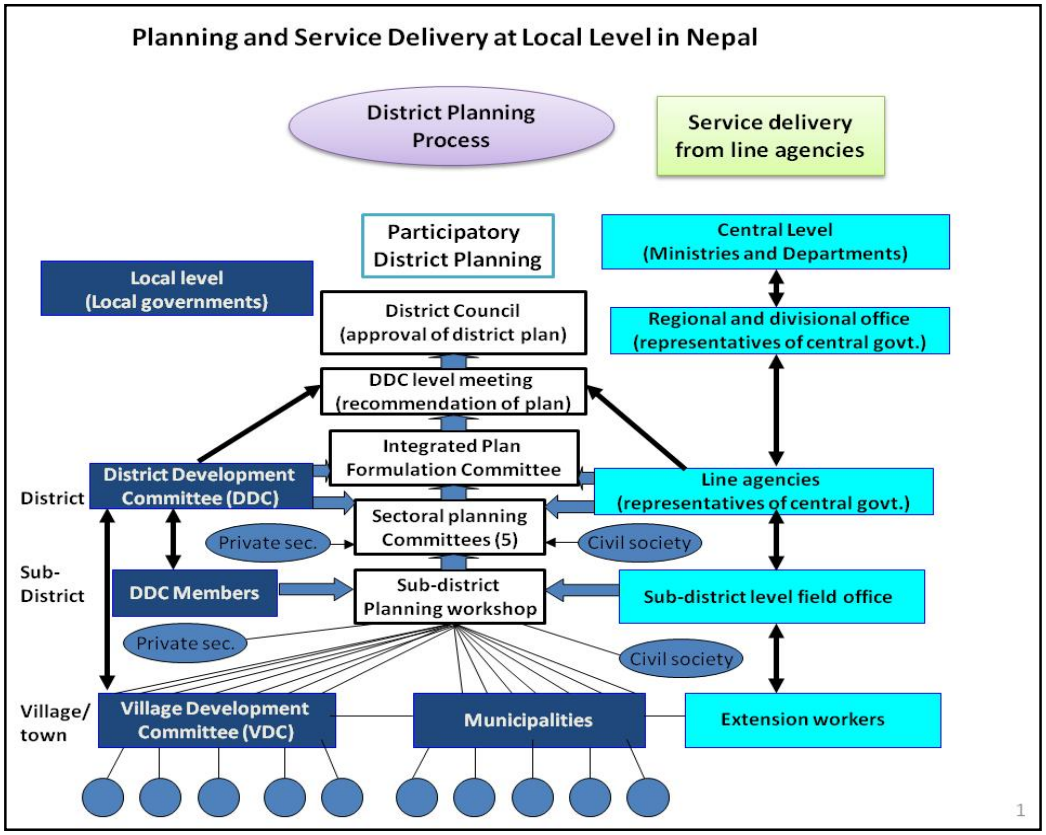
Fundamental Errors in Design Process

The overarching principle in determining which level of government has to perform what kind of task in a decentralised system of government is best determined by the principle of '*subsidiarity*'. The design process of LSGA largely follows this principle. However, sectoral functions have been determined not according to the subsidiarity principle, but following '*residuality*' principle, which is polar opposite of 'subsidiarity Principle'.

'Residuality principle' typically applied in a unitary country. Usually, local governments are assigned functions that the central government is unwilling or thinks it is unable to perform effectively.

5.5 Institutional Framework and Accountability

Figure 7: Institutional Setup for Service Delivery



Nepal initiated a number of administrative reform initiatives, but implementation remained very poor. Broad framework of local government established during the Panchayat era has been continued until now with some modifications on name and structures of these institutions. Restructuring of public administrative that was initiated in 1990s did not give much attention on local government's domain of functions, responsibilities and structures. Rather, it strengthened parallel administrative and institutional structure from centre to the grassroots level.

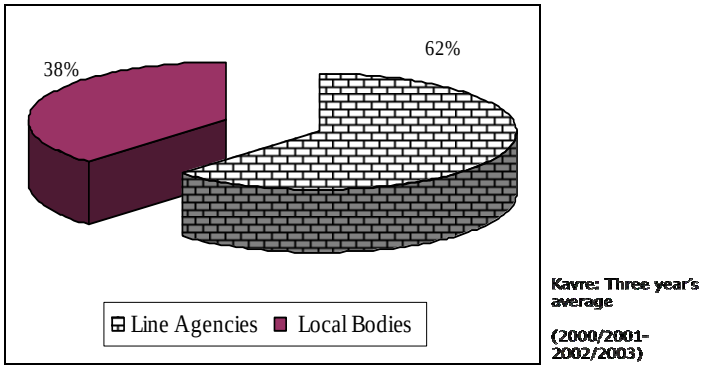
Thus, the crucial institutional aspects remain the same or even more conflicting and confusing than the previous arrangement. Sectoral ministries are still in favour of extending centralised institutional framework outside the decentralised framework to better control their line agencies. Establishment of divisional level offices is one of the examples of resistance of central level agencies towards devolution. Thus sectoral supremacy is the key hurdle of decentralized service delivery in Nepal and accountability is the challenge.

According to the spirit of the LSGA, there is a need of redefining the roles and responsibilities of central and local government agencies in the context of democratic local governance while institutional structures at all levels also are to be adapted accordingly. The following figure (7) shows the complex and parallel institution framework of service delivery in Nepal. As a result, it interrupted the positive intention of LSGA to be realized among other critical reasons.

In regards to the conceptual framework presented above (section 4), state citizen interaction is absence or very weak. There is no such mechanism in which citizens can voice their concerns to the policy makers. Hierarchical institutional setting with too many layers prevents citizen's access to policy makers and accountability of policy level to citizens (short-route of accountability) becomes very weak.

The share of central level budget invested through line agencies is nearly two third of the total budget of the district.

Figure 8: Share of resources, Kavre, 2004



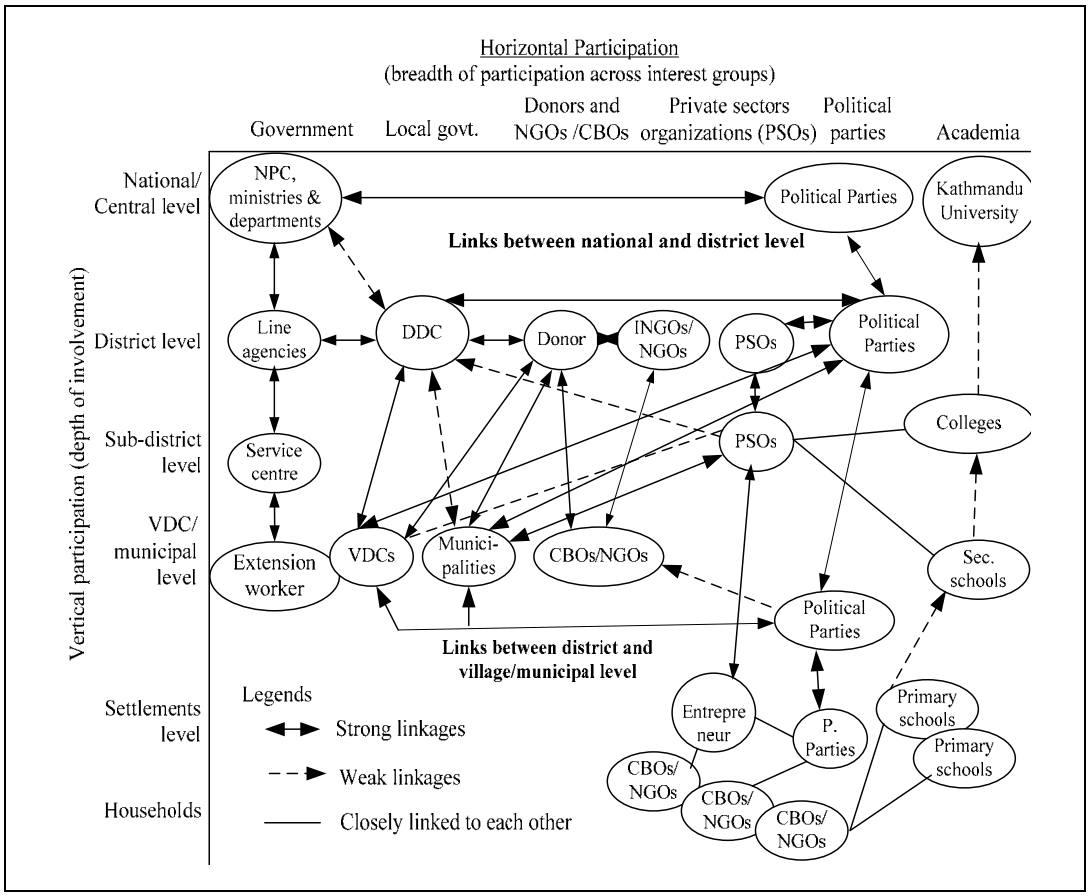
Source: District Treasury Office in Adhikari, 2005

Budget of line agencies down to the grassroots level is virtually controlled by the central level and there is no effective mechanism that enforces downward accountability. Participatory planning and line agencies answerability (though weak) to the DDC is one mechanism, but it is rather weak and not effective at all. Thus from accountability (short-route) perspective, line agencies are accountability to their departments and ministries.

Local government units are relatively in better position (VDCs and Municipalities) from structural perspective largely due to their proximity to citizens, provision of local election and participatory planning practices (annex 5). However, these mechanisms have been virtually defunct since July 2002. Therefore, accountability and effectiveness in service delivery is in question.

From local governance perspectives, there are a number of stakeholders at the district and below (figure 9). However, their strengths and comparative advantage in local service delivery have not been analysed and functional relationship has not been established yet.

Figure 9: A Complex Network of Stakeholders, Kavre, 2002-2003



Source: Adhikari, 2006: 212, *Note: CBOs=Community-based organizations*

Experiences of few developing countries (Uganda, Nepal, Cambodia, Bangladesh) show that despite inherent contextual problems - given the right circumstances and appropriate support, rural local governments have potentials and they can deliver useful public goods and services, contributing to poverty reduction (Shotton, 2004: 7).

5.6 Community Participation and Accountability in Practice

Another key element of local governance and effective service delivery is community participation. This is one of the mechanisms introduced by the LSGA to strengthen local governance (involving multiple partners in managing public affairs) and service delivery with increased allocative efficiency. It was practiced quite effectively at the beginning (1999-2001), but due to accelerated conflict and demolish of elected officials in the local government units, this mechanism did not prove to be effective. The table 3 summarizes some positive and negative effects, an observation recorded in Kavre districts in 2004.

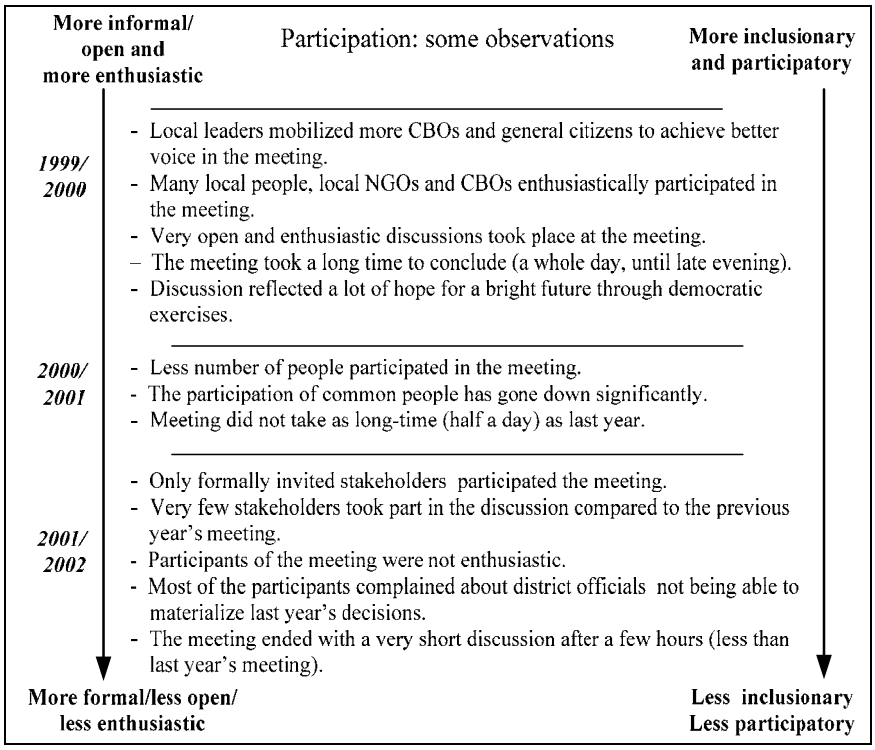
Table 3: Participatory planning process: some critical observations

Positive effects	Negative effects
This process tried to bring more and more stakeholders into the mainstream of the planning process as part of the democratic exercise. People understood that this was one of the features of local governance.	It was too lengthy, costly and cumbersome a process which did not motivate government officials to convert it into regular planning exercises.
It created a lot of awareness, especially among middle class people in rural areas. As a result, people started considering that planning for their neighbourhood is their own democratic rights.	It raised expectations of people, especially in rural areas. Poor synchronization between District Periodic Plan and annual planning.
Planning has broken the monopoly of technocratic planners. It became a multi-disciplinary and more open exercise, more as a part of the political and democratic process. Participatory planning is not only limited to producing the plan document. It is an empowerment process that can produce more positive effects in society.	Every year's similar exercise 'asking people about their needs' has created frustration among the local people. It also developed a sense of mistrust towards district level development agencies, particularly towards the DDC and line agencies.
It forced extension worker and district level officials to listen to people's perspectives, recognize their know-how and their needs.	Too long a process that created disturbances in implementation of development activities.
Planners and development workers, who participated the planning process, got familiar with the reality and difficulties of local people, and realised their felt needs. At the beginning, most of the chiefs of line agencies took part in the *Ilaka* level workshops.	Due to a lower number of approvals and implementation of projects recommended by local stakeholders, planners and development workers who took part in and facilitated the planning process were heavily criticized by the local people. This explained why district officials gradually lost their credibility among the communities.
Projects selected through the participatory process have higher chances of succeeding in implementation than those decided upon by district or central authorities.	Failure to mobilize people's enthusiasm and voluntarism indirectly increased the degree of dependency of the community on the government agencies. Even small development activities were being referred to government institutions. Development became the business of government.

Source: Participant observation, 2002-2003 and focus group discussion, 2004

Similarly, the figure 10 (below) presents critical observation related to participatory planning process, which shows citizens have great enthusiasm in participating in planning discussions at the beginning, but that deteriorated in the later years due to various reasons.

Figure 10: Participatory planning process: practice and changing dynamics


More informal/ open and more enthusiastic
Participation: some observations
More inclusionary and participatory
1999/ 2000
- Local leaders mobilized more CBOs and general citizens to achieve better voice in the meeting.
- Many local people, local NGOs and CBOs enthusiastically participated in the meeting.
- Very open and enthusiastic discussions took place at the meeting.
– The meeting took a long time to conclude (a whole day, until late evening).
- Discussion reflected a lot of hope for a bright future through democratic exercises.
2000/ 2001
- Less number of people participated in the meeting.
- The participation of common people has gone down significantly.
- Meeting did not take as long-time (half a day) as last year.
2001/ 2002
- Only formally invited stakeholders participated the meeting.
- Very few stakeholders took part in the discussion compared to the previous year's meeting.
- Participants of the meeting were not enthusiastic.
- Most of the participants complained about district officials not being able to materialize last year's decisions.
- The meeting ended with a very short discussion after a few hours (less than last year's meeting).
More formal/less open/ less enthusiastic
Less inclusionary Less participatory

Source: Focus group discussion, 2004

5.7 Service Delivery and Accountability: A Case of Kavre District

The average size in road construction is NRs 2.7 million, whereas the average school related project is only NRs. 13,000. Excluding road construction, most of the projects fall in the range of NRs. 25 to 35 thousand. Table 4 draws a comparison between the biggest and smallest projects in the last three years.

Table 4: Biggest and smallest project of Kavre DDC, (NRs. '000)

Year	Biggest project		Smallest project	
	Name of the project	Budget	Name of the project	Budget
2000/01	Suspension bridge construction, Phalametar VDC, Ward no.1 and 2	400	Drinking water, Panauti Municipality-9	5
2001/02	Chakhola bridge, Jaisithok VDC	300	Drinking water, Dhunkharka VDC, Ward no. 2	5
2002/03	Rural electrification, Kavre VDC and Thulitar	100	Drinking water, Sikhar Ambote VDC	8

Source: DDC Kavre, 2004c

Table 4 shows that the size of the project ranges from NRs. 5,000 to NRs. 400,000. Most DDC supported projects are smaller. However, such small projects are also directly

implemented by the DDC administered from the district headquarters. In these cases, sometimes administrative and monitoring costs exceed the total project costs and the bureaucratic hassles become unbearable to the community.

The cumbersome process

The traditional administrative procedure at the district level related to project implementation is very long and quite cumbersome. It includes formation of users' committees, applying at the DDC through the VDC or Municipality, bringing the technician and preparing a cost estimate and design, securing approval from the LDO, signing a contract and opening bank account. Thus the concerned implementing agencies (Users' Committees, local NGOs) have to visit district headquarters at least five times (table 5).

Table 5: Visits to district headquarters

No. of visits	Description of activities
Visit 1	Signing the contract and getting first instalment.
Visit 2	Bringing a technician to the site to show the progress.
Visit 3	Getting the second instalment of the allocated budget.
Visit 4	Getting the final instalment
Visit 5	Final technical evaluation and financial clearance

Source: Observation and exploratory interviews, 2003-2004

Alternatively, if implementation is delegated to the concerned VDCs, funds can be more accessible to local partners and the DDC's role would be much effective and efficient. However, day to day contact with local leaders and other partners through project management activities is considered important for political reasons. These are the reasons for centralising the project management authority in district headquarters even in the case of smaller projects. In fact, it is the unwillingness of decision makers to delegate power to the lower level.

Accountability from the Perspective of Revenue

An average share of internal revenue to the total revenue is almost one fifth in the DDCs and it is in declining trend (table 6). It means, DDCs' revenue collection efficiency has been declined over the years. It also indicates that DDCs are increasingly dependent to the central level - more on grants, which constitutes 52% of total revenue. Thus DDCs have to be more answerable and accountable to the centre, rather than accountable to the local tax payers and citizens. The table 6 shows the current status of internal revenue and their trends by development region.

Table 6: Share of internal revenue to the total revenue

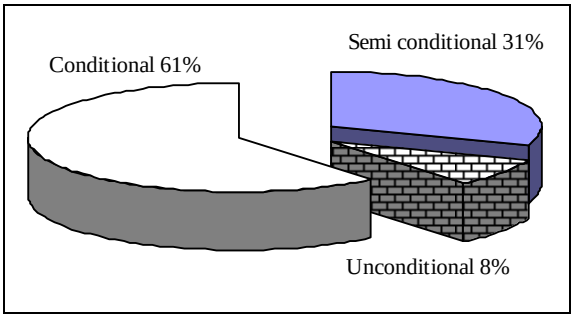
Development Region	% of internal revenue to the total revenue						
	2058/59	2059/60	2060/61	2061/62	2062/63	2063/64	Average

Eastern Region	25.63	24.96	37.84	17.56	10.62	10.24	21.14
Central Region	49.08	30.94	25.98	45.19	9.69	10.14	28.50
Western Region	31.89	22.79	9.80	19.84	2.21	23.38	18.32
Mid-Western	18.52	17.98	19.42	11.10	0.88	3.87	11.96
Far-Western	28.03	10.00	36.80	11.10	06.13	1.71	15.63
Average	**30.63**	**21.33**	**25.97**	**20.96**	**5.91**	**9.87**	

Source: LBFC, 2009: 87-88

Figure 11 shows the composition of central level support to Kavre based on the approved budget of the last three year's average (2000/2001-2002/2003). The conditional grant is 61 percent, semi-conditional grant is 31 percent and the unconditional general development grant is 8 percent. The DDC has flexibility and decision making autonomy only in 8 percent of the total central level support provided through the MLD.

Figure 11: Central level support to Kavre



Note: 3 years average/approved development budget only

Source: MLD, 2004

6. INITIATIVES TO IMPROVE SERVICE DELIVERY AT LOCAL LEVEL

6.1 Increased Level of Criteria-based Grants

MLD has systematized the traditional ad hoc grant and commodity supports by developing and applying criteria-based formula and transparent transfer systems. The improved scientific systems and procedures are in place and fully functional, which significantly minimizing political biases in allocating grants to local bodies and other institutions in comparison to those arrangements in 1990s and earlier years.

Amount of grants to DDCs, VDCs and Municipalities has also been increased significantly after 1990s, reaching to the need of local people. But the utilization rate in the context of absence of elected officials and conflict became an issue, which seriously challenged accountability in some areas in recent years.

On an average, a VDC gets up to one million NRs as grant from the central level, which was only half of it for more than a decade. This arrangement has significantly increased the possibility of increased access to basic services at village level and same applies to Municipal and district level.

6.2 Minimum Conditions and Performance Measures (MCPM)

The Government of Nepal (GON) has started (since 2007/2008) allocating amount of grants to DDCs based on their MCPM results.

Now, this allocating system has been replicated in VDCs and municipalities from 2009/2010. As per the mandate and the spirit of the LSGA, DDCs VDCs and Municipalities are gradually made responsible to lead the delivery of services at the local level with increased level centrally transferred grant.

The performance based grant system was initiated in 20 districts by MLD with the support of Decentralized Financing and Development Programme (DFDP). After successfully piloting in 20 districts, GoN, decided (November 2006) to scale-up the performance-based grant system in all 75 district through the LBFC. Recently, the LGCDP has also adopted the performance-based grant system to provide additional grant to DDCs starting from the FY 2008/2009 and for VDCs and Municipalities from FY 2009/2010.

Table 7: Summary of MCPM results (2008-2009)

Local Bodies	*No*	*MC met*	*MC not met*
DDCs	75	67	8
VDCs – total No. of VDCs assessed MC	3,915 3,830	3,409	421
Municipalities	58	56	2

Source: Devkota, LGCDP, 2009: 43

A comparative analysis of indicators of Minimum Conditions (MCs) and Performance Measures (PMs) of FY 2007-2008 and 2008-2009 shows that the average performance

score of DDCs have increased by 18.81 percent to the previous year assessment and the average score for the two year is 60.89 percent. This indicates that the performance rate of DDCs is gradually improving. The MCPM assessment for municipalities was conducted in May 2009 for the FY 2007/2008. Two municipalities out of 58 were found failing to comply with Minimum Conditions (MCs). These were Kathmandu Metropolitan City and Khadbari Municipality (Devkota, 2009: 19-29).

The assessment of MCs in VDCs was carried out in all the districts with an exception of Mahottari (76 VDCs) and partially Sarlahi (9 VDCs) district. A total of 3,409 VDCs were passed in MCs to the given 5 indicators applied (out of 11 in the set). The topping up grant of Rs. 1.2 billion was allocated to the MCs complying 2,749 VDcs with the DAG mapping.

The following table provides a summary of VDCs, which were failed to comply with specific MCs.

Table 8: No. of VDCs non-complying with the MCs,

Minimum Condition	No. of Districts	No. of VDCs on comply with MCs
Village Council must have approved previous year's VDC plan, programme and budget	15	83
VDC must have used at least 80% of the total VDC Grant (capital) allocated by GoN in the last FY	24	154
Final audit of V DC account of the year before last year must have been completed. The audit report should have been disseminated publicly by the auditor.	19	87
VDC must have list of people receiving social security allowances every fiscal year.	25	110
VDC must have kept an account of Vital Registration and submitted a report of it to DDC.	34	269
Total VDCs non-complying with the MCs	**-**	***421***
Total no. of VDCs assessed		***3,830***

Source: Devkota, LGCDP, 2009: 41

VDCs and Municipalities are frontline institutions interacting with people on day by day basis. Citizens at local level build their impression about the government based on the quality of services provided by these institutions at grassroots level. Therefore, these institutions' role is crucial in maintaining the credibility of the government.

Table 9: No. of VDCs non-complying with the MCs,

Year	*DDCs Assessed*	*MC Compliance*	*Remarks*	*Performance Average*	

FY 2004/05	20	18	Piloted in DFDP supported DDCs; Only MCs applied	DDCs disqualified for grants	2
				DDCs penalized (20% less grants)	19
				DDCs with static grants	1
				DDCs who got 20% bonus	0
FY 2005/06	20	19	Implemented in the 20 DFDP supported DDCs; both MC and PM applied	DDCs disqualified for grants	1
				DDCs penalized (20% less grants)	
				DDCs with static grants	3
				DDCs who got bonus	1
FY 2006/07	20	18		DDCs disqualified for grants	2
				DDCs penalized (20% less grants)	3
				DDCs with static grants	10
				DDCs who got 20% bonus	5
FY 2006/07	55	10	Piloted in all non-DFDP supported DDCs; the results will have no impact on grants	DDCs disqualified for grants	45
				DDCs penalized (20% less grants)	5
				DDCs with static grants	1
				DDCs who got 20% bonus	4
FY 2007/08	75	47	All	DDCs disqualified for grants	28
				DDCs penalized (20% less grants)	11
				DDCs with static grants	3
				DDCs who got 20% bonus	17
				DDCs who got 25% bonus	16
				DDCs who got 30% bonus	0
FY 2008/09	75	67	All	DDCs disqualified for grants	8
				DDCs penalized (20% less grants)	5
				DDCs with static grants	1
				DDCs who got 20% bonus	19
				DDCs who got 25% bonus	29
				DDCs who got 30% bonus	13

Source: LBFC, 2010

The MCPM includes few indicators related to service delivery and transparency, but it is not a direct method of measuring service delivery effectiveness. The MCPM highly emphases on LGs' compliance with legal and statutory requirement (MCs) and performance improvements (PM) with the following intended improvements (Steffensen and Chapagain, 2010).

- improved public financial management at the local level;
- greater attention being paid to, and improved performance in cross-cutting areas such as gender mainstreaming, environmental management, good governance and transparency;

- more focused LG capacity building; and
- consistent use of capital grants to finance investments in core poverty alleviation areas.

All of these intended improvements will have positive correlation with the service delivery effectiveness. Therefore, MCPM can be taken as one step forward on policy initiatives towards encouraging LGs better performance, which will have positive impact in improving service delivery at local level.

6.3 MCPM Linked to Grant Allocation

After introducing Minimum Conditions and Performance Measures (MCPMs), the grant arrangement became more scientific and systematic. It emphasized on implementation of rule of law to be eligible to receive grant and encouraged to increase performance of local bodies in planning, budgeting and overall governance of local development activities.

The following table shows the comparative perspectives and improving trends in grant allocation and utilization.

Table 10: MCPM results in comparative perspective

Description	*2006/07*	*2007/08*	*2008/09*
Not eligible	47	28	8
Penalty of 20%	8	11	5
Static	11	3	1
20% bonus	9	17	19
25% bonus	-	16	29
30% bonus	-	0	13

Source: LBFC, 2010

The table below shows the topping up grants to LBs based on MCPM assessment. It is obvious that majority local bodies received significant amount of topping up grants in FY 2009/2010 fulfilling the terms and conditions.

Table 11: Topping up grant to LBs in 2009/2010

Local Bodies	*Grant Amount* (Rs.)	*No. of LBs*
DDCs	855,000	67
VDCs	1,200,000	2,749
Municipalities	347,910	56
Total	2,402,910	2,872

Source: Devkota, LGCDP, 2009: 43

6.4 Social Security Schemes

The coverage of social security programmes started about 15 years ago has been extended to different target groups with significant increase in monthly payment amounts. Now these programmes cover senior citizens - all citizens above 70 years of age, resident of Karnali above 60 years, and dalits of above 60 years. Now the programme

also covers endangered ethnic groups, single women above the age of 60 (widows, unmarried, divorced) and disabled citizens.

This programme is found to be highly appreciated by the target groups for recognizing by the state and leveraging their livelihood. However, in recent years, regular monthly payment has been interrupted in significant number of VDCs due to absence of VDC Secretaries at their work station. According to the recent MCPM assessment reports, the vital registration and social security related services were found poor in at VDC level, which are critical services to be provided by the VDCs at local level.

6.5 Facilitation to Implementation Process

It is remarkable that MLD, in addition to Acts, has prepared a series of Regulations (6) policies (2), Guidelines and Directives (7) and Operating Procedures/Manuals (20) to regulate, guide, support and facilitate LGUs' effective functioning and programme implementation (MLD, 2010). Most of these documents have been periodically upgraded and systematically posted in the Ministry's website (www.mld.org) to give easy access to users and other stakeholders. These are very useful tools to deliver service delivery effectively at various levels.

7. LOCAL SERVICE DELIVERY: SUMMARY OF ISSUES AND CHALLENGES

7.1 Nepali Experiences: Best Practices and Lessons Learned

There are some unique and best local governance practices in Nepal, which are summarized below. These needs to be further strengthened, scaled up and institutionalized during designing local governance system under the new constitution of the country.

Strong institutional and social fabrics

The institutional and social fabrics are very vibrant at the local level in Nepal (Adhikari 2006: 287-288). Nepali societies have long tradition of local governance in the form of social norms and values and most of the societies prefer to be self-ruled and self managed with minimum external support. Example can be taken from different sectors, from practices of traditional irrigation and drinking water user committees and school management committee to community forestry and so on.

Nepal, therefore, needs to further build local governance system on its own rich social capital, values, norms, and its experiences in modern form of local governance practiced since 1990s. Experiences around the world implementing different models of local governance also show that each model has been developed on country specific context, social norms and values and socio-political framework (section 7).

Vibrancy of democratic institutions at the local level

The grassroots level local government units in particular, are highly respected by the local communities. “Although there are some critical areas requiring improvement, the local communities strongly believe that the elected representatives advocate better than any agencies do. The people have strong faith in local government units as democratic institutions at the local level. Many of the outgoing elected officials are quite active in their own way and still feel responsible and accountable to the local communities. A recent study carried out in Kavre-Palanchowk district also reconfirmed that the institutional vibrancy and community’s loyalty to democratic institutions at the local level is very strong” (Adhikari, 2009: 210).

This is a very positive factor for successful local democratic governance. But it may get weaker if local elections do not take place within the next one to two years. This is to say the popular base and image of local government might be lost over time (Adhikari 2006: 288-289).

Communities are proactive and willing to participate in development process

In Nepal, communities in general are willing to participate in the development process and communities in middle hill and mountains are more proactive. In this positive setting, trusting the community is vital and it is the basic foundation of any model of participatory development.

Planning and implementing projects led by the local communities and facilitated by other stakeholders not only make the implementation effective, but also stimulate people's participation and build a high level of community ownership. Although the process of planning and project formulation seems lengthy, its implementation is quick and very

effective. If the process of disbursing funds is cumbersome, it discourages community participation. Again, if a committee that enjoys the trust of the community is established, development activities could be self-initiated and it makes local resource mobilisation possible at maximum level. It establishes local accountability mechanism - informal but effective social mechanism with a higher level of transparency - thus strengthening the local democratic practices.

Box 5: Experience of Community Environmental Awareness and Management Project

A pilot project for strengthening local capacities and actions on environment management in a number of VDCs of four districts in Nepal was implemented in Nepal. This was funded by the Canadian government in partnership with the Ministry of Local Development and in collaboration with Ministry of Environment, Science and Technology, the National Planning Commission , other relevant Ministries, selected District Development Committees (DDCs), Municipalities, Village Development Committees (VDCs) and their associations and other national and international NGOs.

The project helped to establish Village Environmental Development Fund (VEDF) in each project VDC. This fund was locally managed by Village Level Management Team and the project supported the preparation of Village Environmental Development Plans and their implementation. The stress was on helping local people learn about their own environment, prioritize local actions and implement those initiatives.

Local communities, VDC, DDC and other partners were encouraged to partner and contribute to these initiatives – and ultimately the project's contribution only constituted about 23% of overall local investment as other resources were mobilized by local communities. Over 500 local initiatives were prioritized and implemented by local communities – with majority being drinking water and sanitation related projects. It was noted that "The quality of environmental assessment carried out and reviewed locally might be modest in terms of quality of report, but it is more practical, efficient in the implementation and monitoring phases."

7.2 Discussion on Key Policy Issues with Potential Implications

The previous sections of this report have explored the issues, challenges and dilemmas involved in local governance, the service delivery in particular. This section offers a view of the way forward, focusing on the key critical issues and policy lessons from the preceding discussion.

Weak linkages between decentralization and poverty alleviation

The broad objective underlying decentralisation is to bring government closer to people with a view to empowering them and to making service delivery effective and efficient. However, there is a very weak linkage between decentralisation and poverty reduction interventions in Nepal. The only common programme –the social mobilization initiatives, have been less effective since the conflict arises (since 1996) and further became less focused since the absence of elected local officials (mid-July 2002) in the local government units.

The existing practices of bottom-up participation in planning excludes poor and marginalised groups while the benefits of decentralisation, though minimal, are grabbed by the local elites and middle class citizens. Weak and fugitive accountability further weaken democratic practices at the local level. All these factors erode the credibility of

institutions delivering services at the local level. If it is not checked in a timely manner, this may result in further weakening local governance and may add to growing conflicts (Adhikari, 2005: IV).

Free from the elite capture and inclusive practices

Decentralisation that has been practiced for last few decades in Nepal does not bring effectiveness, equity and efficiency if the social structure, attitude and cultural aspects of officials involved in dealing with decentralised functions are not considered in designing and implementing decentralisation policy. It may not bring positive results if the empowered participation of citizens is not equally considered and truly implemented through appropriate mechanisms at the local government level. In these cases, decentralisation may also become prone to elite capture and may increase inequality, discrimination and conflict. Therefore, social empowerment, establishing a mechanism for social accountability at the local level, through strengthening community-based organisations and the civil society, can make government officials more accountable towards citizens, and thus, representative democracy (that Nepal adopted at local government level) can become more participatory and accountable.

Furthermore, enhanced citizens' participation is to be understood "not just as means to more effective service delivery but as important in its own right because of its potential for personal empowerment and active citizenship" (Eyben 2004: 19).

Generally, local elites are well placed in societies like Nepal where a centralised system has been practiced for centuries. People have been gradually getting politically aware regarding their rights, but they have limited access to administrative and political structures in practice. The local elites manipulate the administrative and political system upon which "the poor depend for their livelihood and for access to anti-poverty schemes; formal processes of decentralisation may do little to reduce informal forces of domination" (Jenkins, 2002 in Mosse, 2004: 52). Thus, local elites are likely to retain control over power and resources and capture the benefits of decentralisation in the early stage of the decentralisation process; therefore, participation is crucial to minimise the effects of capture.

Promote more balanced social mobilization

Social mobilisation is an effective tool for social capital formation and strengthening social cohesion in Nepal. In last two decades, however, it became 'buzz' word in development field and many I/NGOs advocated for rights-based development, but knowingly or unknowingly, many of them promoted 'anti-government' feelings at the grassroots. Such approaches might have been adopted to create their space in a society where government institutions have dominated the public affairs including service delivery for long-time. On the one hand, such awareness activities created increased demand for service delivery (positive impact), but on the other hand, strengthening of service delivery mechanism did not get much attention. Public institutions could not address the growing expectation of citizens through its traditional state apparatus. As a result, people got increasingly frustrated (negative impact) and such frustrations and dissatisfaction culminated with Maoist-led revolution and thus, state's legitimacy was threatened.

Therefore, there is a need of promising social mobilization: not only focused on rights, but also on duties and inter-dependent approach of self-governance. Based on our own

experiences in Nepal and some other countries in the region, social mobilisation has been found to be a very practical strategy to strengthen meaningful participation of the citizens in governance activities, with their inherent strengths, dignity and stake. Therefore, the devolution process (shifting power from the centre to the local government's level) and social empowerment (generating power from the community) have to be equally considered in designing local governance and practicing such policy framework. The first creates democratic institutional avenues (local governments), while the second creates a suitable environment for empowered participation. Both together ensure success in democratic local governance.

Participatory development and local democracy

Through understanding the importance of the connections between participation, accountability and service delivery, as well as different aspects of context, experiences in community participation can be better assessed.

One of the effective mechanisms of strengthening community participation is the planning process. Participatory local planning becomes effective and functional when the true participation of all key stakeholders is encouraged, facilitated and institutionalised to ensure closer access of the citizen. Local communities and other stakeholders can play a crucial role in institutionalising the power generated through dialogue and discussion (rational power), which will ensure that the local government responds to their needs in an accountable manner. They can do this effectively by participating in the planning, implementation, monitoring and evaluation of development activities affecting their lives.

Participatory planning should be inclusive of all segments of the society. In this case, local stakeholders generate strong rationality power and makes local governments more responsive and accountable to the local people, thus it also contributes reducing elite capture and strengthening local democracy. Civil society organisations and community-based organisations are instrumental in promoting participatory development specifically where a centralised culture prevails and democratic and participatory approaches have not yet become part of the institutional culture. Civil society organisations help to break the elite capture in local governance systems and transparency in decision-making makes a real difference in promoting participatory local governance practices. Participation in the planning process is a must if implementation is to be successful. It leaves consensus as the basis for successful implementation and avoids controversy or bottlenecks in the implementation stage.

It is obvious that the stakeholders participate in planning and development activities when there is some specific and tangible interest for them. Actual participation of grassroots stakeholders in local government processes, including planning, depends on many factors. First, the system of representation in the different levels of government and the electoral system provide the main avenue for citizens' participation. Second, if an avenue is available in the legal framework of local government – how is it enabling the framework? Such a framework includes the freedom of assembly, speech and media that make it possible for citizens to get organised, get information and project their ideas and views. The right and easy access to information about government processes is of particular importance in assuring transparency and accountability to the local people. Third is the attitude and behaviour of responsible officials and authorities towards participation. Fourth is the degree of political decentralisation which offers rights to

participate, avenues to participate and other opportunities. Fifth, how participation is understood by local governments and stakeholders and how it is practiced in reality.

Weak institutional capacity and limited fiscal decentralisation

The first and foremost challenge for effective decentralisation and local governance in the past was the weak capacity of local bodies. Local autonomy is greatly restricted by a weak absorbing capacity and increasing dependence on central transfers. In this context, local government institutions need technical support for mobilising internal resources.

The weak capacity of the local governments has meanwhile ruled out any chance of benefits from the decentralisation train as envisioned in the policy and legal frameworks. The problems lie not only in the weak capacity of local governments but also in the lower level of awareness and organising capacity of citizens. “Creation of opportunities for direct self-governance does not imply that citizens will imbibe capacities necessary to utilise them, neither does it mean that they will actually participate; some may not know and others may know but not care to join” (Grinc 1994 in Fung 2004: 74 in Adhikari, 2006: 286). Capable citizens and local partners (CBOs, local NGOs and other civil society organisations) make locally elected representatives more responsive, transparent and accountable towards their constituents, and thus promote local democracy.

It came out very clearly during the focus group discussions (in the case district – Kavre in 2004-5) that, firstly, socially and economically marginalised people have problems in understanding and following what exactly is going on in their neighbourhood. Secondly, if they participate, their views are rarely considered during the discussion and public gatherings. Thirdly, they have pressing problems of daily livelihood and thus cannot afford to participate until and unless they get instant direct benefits. Raising awareness, building capacity and promoting meaningful participation of all sections of the community in governance activities is a crucial element and a regular agenda of local governance reform. The government in the past, however, did not take any significant initiatives to develop the overall governance capacity of local institutions.

One of the important lessons from the past is that local governments were over-burdened with obligations to perform functions and provide services for which they lacked have adequate revenue or training. A clear delineation of tasks among the different levels of government is crucial for effective fiscal decentralisation. Fiscal decentralisation enables overall decentralisation to function, but is very limited and weak in Nepal. The tasks and responsibilities overlap both at vertical and horizontal levels. Revenue assignments are not directly linked with assigned tasks and responsibilities. Over-dependency of the local government on the central level for human and financial resources hinders the overall devolution process.

Unclear Accountability and the fugitive nature of officials

Being a statutory requirement of a democratic system, the accountability factor has to be part of democratic custom and behaviour. It is normally established through the electoral process and other regular institutional mechanisms (long-route). An accountability mechanism generally has its own set of rules, procedures and due processes of citizen voicing, consultation, oversight and evaluation (short-route of accountability).

One of the presumed benefits of decentralisation and power-sharing is justified through effective accountability. However, in the context of the local government in Nepal, the accountability mechanism is not clear and effective enough. In fact, it has neither been clearly defined in the Local Self-Governance Act (LSGA) nor considered in practice. Collective decision-making and shared responsibility complicate the issue of accountability of the elected representatives. Indirect election procedures of the District Development Committee (DDC) officials diminish the democratic spirit of accountable local government. The key planners and development workers are clearly accountable to the central level and this further weakens the local democratic practices as it gives them enough space to dodge obligations and thus not be held accountable to the local people through the local government units.

One of the main reasons for weak accountability (the case of Kavre) is the high resource dependency on the central level. Adequate fiscal resources generated locally create obligations among officials and force them to be transparent and accountable to tax payers. Thus, resource inadequacy and forced high dependency on the central level promotes central control, limiting local autonomy, weakening transparency and local accountability.

Parallel structures and decentralised local governance

The case study of Kavre confirms that the long-centralised traditional system of governance, weak conceptual understanding and unhealthy power play at the central level have culminated in the continued use of parallel modalities of decentralisation in Nepal even after the restoration of the multi-party system in 1991 (Adhikari, 2006).

This has created a parallel institutional set-up from the centre to the grassroots through line agencies that duplicate similar functions at different levels. It has further complicated responsibilities and created dualities in the accountable mechanism, complicated coordination at district and central levels, and pushed back the entire process, the outcome being poor performance in terms of plan implementation, while ultimately making decentralisation ineffective in bringing about significant results.

There is a danger if the decentralisation or power shifting process takes place through different levels of government units or institutional ladders. In this case, decentralised power might be absorbed by an intermediate level of government and that level might try to create new power centres instead of trickling down the power to the lower levels. This is one of the reasons that a bottom-up structure of local government is extremely important from the standpoint of exercising democratic power, service delivery, resource mobilisation and overall governance perspective.

Bringing government closer to the citizens

In Nepal and or in many other developing countries, the central issue of local governance is how to bring government closer to the citizens? “When government is closer to the people, it is more likely to be held accountable by them for its success and failures in the provision of basic services, the maintenance of order, and the fair resolution of local issues and disputes. Government tends to be more responsive when it is closer to the people. This is why democracies are increasingly embracing the principle of subsidiarity: that each government function should be performed by the lowest level of government that is capable of performing that function effectively (Diamond 2004:2). Devolution is not

only a process of granting functions, authority and resources, it is a process of creating or strengthening government and bringing it closer to the citizens to create opportunities and offer avenues for empowered participation.

There are other democratic benefits of multiple layers of elected government, as in a federal or politically decentralised system. “Lower levels of elective office can constitute an arena for training and recruiting new political leaders, including women and young people who have not previously had a role in political life” (Diamond 2004: 2). Democratic practices at multiple levels of government provide a more accessible means for citizens to become active in public affairs. These induce citizens to question their local officials, monitor what they do, present their interests and concerns, and to learn the skills and values of democratic citizenship. These make citizens prouder of being a part of the democratic system. “Typically, it is difficult for most citizens and organised groups to get access to the national parliament or the central ministries. They need decentralised opportunities for access to decision-making power. And those points of local access are more likely to be responsive if they are accountable to the people through elections” (Diamond 2004: 2). These arrangements and democratic practices simultaneously promote democracy at both levels, national as well as local, which makes a critical difference. However, too many layers of government may result in loss of democratic spirit.

Restructuring of local self-government and promoting grassroots democracy

Gautam argues, “Nepal has witnessed several governments in the past, but their approach to governance has remained more or less the same; that is, governments of the few, by the few, and for the few and that the citizens do not deserve to be served but they deserve to be ruled” (Gautam 2007).

The political movement of 2006 also showed that democracy has been a major concern and a way for those of slender means to gain more power and improve their living conditions through increased stake in governance. It is not possible to discuss the entire architecture of local government in this report, therefore, only a few critical aspects have been briefly discussed here.

Making the size and structure of local government viable

The current size, territory and number of local government units are not viable from the perspective of service delivery, planning and governance, therefore, these aspects have to be reviewed and adjusted based on scientific reasoning, planning and governance perspective while restructuring in the context of federalism in the near future.

The existing districts and village boundaries were created more than four decades ago merely from the standpoint of having top-town administrative control and revenue generation without taking account into service delivery and promoting local democracy through local government structures. There have been many changes related to political understanding, accessibility and other socio-economic indicators in subsequent years.

Bottom-up design, not top-down

Past experiences in Nepal have shown that devolution of authority and resources through top-down structure does not work effectively. There is a danger, if the resources or power

shifting process takes place through different levels of government or institutions. In this case, decentralised power is more likely to be absorbed and or manipulated by an intermediate level of government (district in Nepal's case), both undermining and underestimating the responsibility and capacity of the grassroots level unit. In this case, the intermediary level tries to create new power centres instead of trickling down the power to the grassroots level local government units (Adhikari 2006: 288). "One of the criticisms of past governments in Nepal is their top-bottom design. In the changed context, a new thinking of bottom-up system of government is emerging. Since the local governments will constitute the foundation of the governance system, it is imperative that issues related to local government and governance be addressed with utmost urgency. It is an irony that the focus has been still on central and regional governments only, and local government and governance have received little attention by media, politicians, civil society, policy makers and political pundits" (Gautam 2007). Therefore, the district level has to be seriously considered in terms of whether to retain or eliminate that tier during the restructuring process.

Service delivery from neighborhoods

The research finds that the present structure of local government, particularly at the district level, is ineffective in delivering basic services and the district level local government unit (i.e. DDC) has not acted as a decentralised institution in practice.

Gautam (2007) emphasises local self-governance and efficient service delivery at the doorsteps of the citizens. He notes, "…the main concept is to establish a system of local governments to deliver services to the citizens, right in their backyard. This will eliminate going to district headquarters for minor issues, spending a lot of time to get there and then getting intimidated by government officers as if some outsider is ruling them. It will also help address issues like daily strikes, protests, demands and other forms of unrest that are plaguing Nepal. Under the proposed system, there is no one to demand from, there is no one to protest against but people will be demanding from themselves, protesting against themselves as they will be in charge of themselves."

Tailoring service delivery models and related interventions to the context

Any interventions related to service delivery need to be contextualized in the country's current context and realities. Contextual analysis should also include developing specific performance indicators that help tracking results, both in short term (i.e. output, delivery) and long-term (i.e. systems and capacities).

The current state of fragility may require a re-design of basic service packages, in order to make wide coverage feasible under conditions where resources are limited. This may mean combining key services into a package of what is necessary and feasible and delivery through outreach camps, bringing services to rural remote areas. This approach was practiced during the conflict period (2002-2004), but interrupted in recent year.

Choosing appropriate delivery models

During the state fragility or transition period, the most basis choice is whether to help reform and rebuild the public functions of the state, or to work in parallel with it so that basic services could be delivered at minimum level. In the absence of a willing and capable state institutions, alternative delivery models such as contracting out, I/NGO

provisions, co-production, community-based approaches or market provisions, are possible options.

External development partners may prefer alternative delivery models to ensure quick result of their support and to maintain neutrality in development process. In such cases, state apparatus may become weak, less accountable and, if such arrangements remained for long time, public sector may become defunct and state legitimacy may be questionable. Therefore, Nepal need to find appropriate balance between different delivery models that produces effective, efficient and equitable services ensuring sustainability in the long-run.

Selecting appropriate instruments and ensure accountability

County like Nepal (high dependency on donor support) need to seriously consider in choosing appropriate aid instruments. These include programme aid, projects, technical assistance, social funds and humanitarian aid. Programme aid could be preferable from state legitimacy and capacity building perspectives in the long-run (e.g. LGCDP), but fiduciary risk might be higher in case where public institutions and their accountability mechanisms are weak. Recently, this issue has been raised by external development partners in course of implementing the LGCDP. Therefore, MLD, MoF, NPC and other policy level institutions need to think seriously to establish an accountable institutional mechanism at local government's level (current political mechanism is not accountable), not in informal consultative model, but an accountable one.

Long-term focus on governance and state building

National level government need to help local bodies/governments to deliver essential services in a way that builds accountability and ensure government takes ultimate responsibility. In this mechanism service delivery, state capacity and governance needs to be integrated. Service delivery should be ensured and delivered in such a way that promotes sustainability, local ownership, and accountable governance in the long-run.

7.3 Service Delivery in Fragile Situations: Challenges and Opportunities

Continuation of basic services and social protection has been challenged in many districts due to absence of human resources, limited supply of goods and services and developing basic infrastructures. In some districts, construction and supply have been monopolized by certain politically affiliated groups and contractors.

Social protection mechanisms have not been properly developed and established to protect conflict-affected people, poor and vulnerable communities in Nepal. In some remote areas and in Terai region, the state has not been able to provide core services to the poor and marginalized groups, in particular. Most of the basic services that were available at VDC level have been centralized at the district headquarters due of absence of service provider at the service station. In many districts VDC Secretaries and other VDC level service providers have been working at the district headquarters.

Access to very basic services (like getting citizenship, passport, property transfer, health and agriculture services) turned out as expensive services due to service available only in district headquarters. Poor are vulnerable groups, who needs the government most, have been increasingly deprived. Thus, the fragility impaired the access to and delivery of essential services to the people who need them the most. In recent years, citizens have

been gradually detached from the government and deprived from the basic public services.

Therefore, it is important to strengthen the legitimacy and accountability of states and strengthen their capability to deliver their core functions during the fragile and politically unstable situation (OECD, 2008:3). Violence, highly politicized development process, inadequate transparency and weak accountability, skewed budget allocations (by political interests) and executions can further increase social insecurity and undermine the foundations of just and equitable service delivery systems. This poses challenges in maintaining state legitimacy in the country.

Several problems specific to fragile states can complicate service delivery. The incentives for delivery may be impaired by lack of government capacity, lack of government willingness, or the breakdown of social order through conflict. In those circumstances, capacity development is often supplanted by more urgent needs and staff are either demoralised or actively targeted by oppressive regimes. In the absence of an effective national policy framework, service delivery becomes fragmented. The result in problem of diminished central resources, coupled with declining control of services, gives greater prominence to local government solutions and to alternative, non-state provision (OECD, 2008: 7-8).

A state's fragility is a function also of the strength of civil society and the extensiveness of social capital. A strong society can reconstitute missing state functions – either in a new (or reformed) state, or in the form of non-state alternatives such as associations and other structures (OECD, 2008: 14). Just as mounting fragility and deteriorating services can be mutually reinforcing tendencies, improving services may enhance social and economic recovery, overcoming fragility in virtuous upward spiral. The influence is reciprocal. But affecting a turnaround is not an easy task (OECD, 2008: 21).

Service delivery can mitigate social exclusion, which is itself often a driving of fragility and conflict. Basic service improvement may also be a promising entry point for triggering longer-term pro-poor social, political economic transformation and governance reform (Berry et. al, 2004:9). Longer-term social and political changes supporting good governance have more chance of success if linked to reforms in service delivery with tangible results. Improvements in services can be a "tangible peace dividend in countries emerging from conflict" (Berry, Forder, Sultan and Moreno-Torres, 2004: 12 in OECD 2008: 22).

Box 6: Building back better

Aiding the reconstruction of services after conflict involves a trade-off between *restoration* of prior systems (which may enhance near-term legitimacy) and *systemic transformation* (which may be needed for sustainability). In many post-conflict situations, there is a window of opportunity to introduce radical reforms – or even to leapfrog ahead to a new threshold of quality – but it is open only briefly and failure to seize it can have lasting negative impact. For example, in its Health Sector Rehabilitation and Development projects in Timor-Leste, the World Bank adopted a flexible and responsive model that enabled it to incorporate planning processes and institutional development into the rehabilitation work. This made it possible to implement systemic changes and to avoid simply rebuilding and entrenching previous systems. By contrast, Uganda focused on the restoration of pre-conflict services, but failed to

place sufficient priority on long-term sustainability of public health services such as immunisation. When the donors withdrew their financial support for recurrent costs, the public's use of these services dropped – and the resulting health benefits were lost (Rosser, 2006; Vaux and Visman, 2005 in OECD: 38).

Improvements in service delivery can potentially strengthen, over the long term, the left side of the accountability triangle (figure 3) – i.e. the critical relationship between citizens (clients) and policy makers. A central challenge (and opportunity) in fragile states is thus to find ways of doing this, such as building new mechanisms for accountability into service delivery initiatives (OECD 2008: 22).

8. ASSESSMENT OF SERVICE DELIVERY MODELS AND APPROACHES

This section includes overview of a number of service delivery models and approach around the world and an assessment of selected service delivery models and approaches that are likely to useful in the Nepali local governance and service delivery context. The conceptual framework presented in the section 4 has been used to assess these models and approaches.

8.1 An Overview of Service Delivery Models and Approaches

Basically, the service models/methods and approaches are determined by the political system, state structure and socio-cultural aspects of the country. In general the following are the broader category of service delivery methods and their advantages and disadvantages.

The following table presents broad categories of service delivery models and approaches that have been used in different countries.

Table 12: Different Service Delivery Models and Approaches

Description	Requirements	Advantages/ Opportunities	Disadvantages/Potential Challenges
1. State Provisions			
a. Central government provision	Stable situation and motivation of front line provider	Relatively fair and politically less patronized Stable approach Less transparent and chances of abuse of authority and resources	Weak retention of provider in the station (widespread problem). Weak downward accountability Highly vulnerable during the conflict situation Less democratic approach from local governance perspective
b. Local government provision	Strong constitutional provisions of local government units Devolution of functions/responsibilities, funds and capable functionaries at the delivery point.	Relatively strong downward accountability Sustainable approach Promotes grassroots democracy	Chances of political patronization Might be vulnerable during the fragile situation and political transition (e.g. Nepal) Inter territorial problems might not get proper attention (migration, environmental management, poverty and employment)

2. I/NGOs and State—Non-state Mix/Partnership			
c. I/NGO provisions	Clear state policy to operative in specific situation and in partnership with local NGOs and CBOs	Useful to address urgent humanitarian needs and services Effective in social services like reproductive health, nutrition, education, etc.	Weak accountability and sustainability issues. Less transparent Promotes dependency if local capacity and ownership is not prioritized
d. Public-private partnership (PPP) Contracting –in and contracting-out to I/NGOs and private sector organizations	Policy and legal framework for promotion and regulation Competitive environment	Quick delivery Greater competition and efficiency Useful in fragile states, but state must exercise oversight and accountability	Limited access of poor if not protected by social protection measures May promote inequality if public sector is not effective in monitoring, regulating and contract management
3. Market			
e. Market provisions	Conducive policy Basic market conditions needed – like competitive environment and sizable consumer, etc.	Better choices/options available Increased client power	Inequality in service delivery if not protected by social protection measures
4. Community and Direct Transfer			
f. Community-led approaches *Provision of public services through an institutionalized, long-term relationship between state agencies and organized groups of citizens, where both make substantial resource contribution (Joshi and Moore, 2002: 11)*	Conducive policy and legal framework Social mobilization practices Leadership skills and orientation Security of basic needs The local community must be informed about the provisions of services and service delivery options involved and the resource envelope and its sources so that the decisions they	Quick wins and high visibility Increased local ownership Better downward accountability Strengthen grassroots democracy Better fits in participatory model of democracy	Capacity might be a constraints It is a long-term process, difficult to adopt in short-term, particularly in countries that have long tradition of centralized system of governance, like Nepal Conflicts with the representative model of democracy at that happened in many instances in Nepal

	make are meaningful		
g. Co-production *Provision of public services through an institutionalized, long-term relationship between state agencies and organized groups of citizens, where both make substantial resource contribution (Joshi and Moore, 2002: 11)*	Policy and legal framework Vibrant social capital Conducive policy environment and capacity Communal feeling (social values and norms)	Helpful in developing countries where government is overwhelmed in dealing with a great number of different clients and operating situations and needs a partner (e.g. teachers and students, doctors and patients). Mutual accountability for results.	Long-term process, and needs persistent efforts on social capital formation process. If capacity and proper monitoring mechanism do not exist, may deliver inferior quality of goods and services
h. Cooperative	Policy and legal framework Conducive policy environment Communal feeling (social values and norms)	Beneficiary's direct contact with providers Members get direct access and stake in decision making process	Limited to the membership structure, others may deprive of services Poor may not benefit as they need membership to get access to
i. Direct transfer to household (voucher system)	Supportive policy and programmes	Direct reach to the beneficiary Avoidance of limitation of tingle-down process	Local government's role is diminished in the long-run
5. Service delivery through governance networks			
j. Governance approach to service delivery	Conducive policy and legal framework Vibrant social capital Completive network of partners and providers	Efficiency is can be achieved in service delivery Increased result-orientation beyond traditional institutional hierarchy Proper utilization of institutional strengths and potentialities Stronger accountability (short-route) Increased opportunity for innovation and competitiveness	Local government's direct role in service delivery is changed into contract management functions and oversight Visibility of government agencies gradually diminished Direct interaction of citizens with local government might be reduced Transaction cost might be increased at the beginning

Source: Compilation by author from different sources, 2010

Governments and citizens use a variety of methods of delivering these services and there are different determinants of service delivery models around the world. In any methods, it is very important to consider accountability in three key relationships in the service delivery chain: between citizen and providers, between citizen and policymakers, and between policymakers and providers (figure 3). Responsible and democratic government do not undermine these critical elements and further reinforces the accountability in these relationships.

The following sections include discussion on selected service delivery models and approaches that are likely to be useful to the Nepali local governance and service delivery context.

8.2 Service Delivery through Integrated Networks

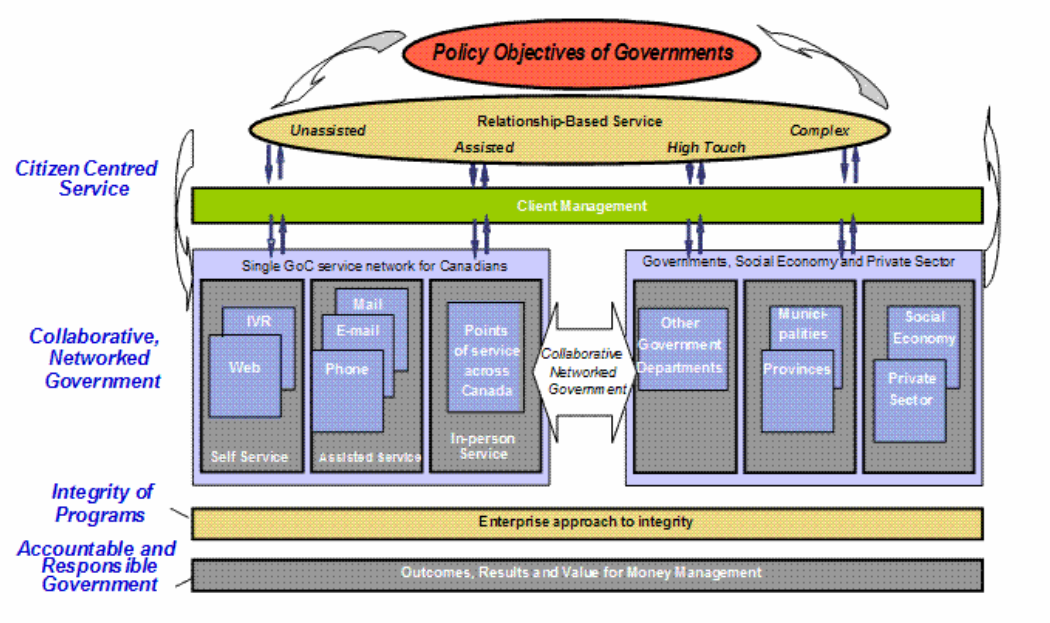
This model adopts key principles of governance approach at both vertical and horizontal levels. It emphasizes on partnership and collaboration between public organizations and with non-state partners. It is more advanced model that uses advance technology in service delivery and mostly integrated through an ICT-based platform (popularly called as *e*-governance in developing countries, but network model is larger in size and scope).

Traditionally, public services are delivered through a plethora of government agencies via programmes that are not connected with each other. Often, these services are delivered by different levels of government. In recent years, increasingly, the services are being delivered on behalf of the government by private and non-profit organizations through a network. There is a global movement in both the public and private sectors to be more "citizen-or customer-centric" in design and delivery of services. These services are often delivered through a network of providers organized around a common mission or programmatic outcome (Roy and Langford, 2008: 6).

The network model for service delivery recognizes the failure of traditional hierarchical government organizations to successfully deal with the complexity and interaction among many of the tough social and economic policy challenges facing societies. It also recognizes the inability of individual agencies or government to interconnect and reach out to wider community-based stakeholders. In addition, the network model seeks to avoid the inefficiencies inherent in earlier efforts to recognize government agencies into single large units. Instead, it focuses on engaging existing agencies in joint problem solving without wasting time on reorganization or re-establishment of formal authorities. The rapid increase in technology allows this new collaborative approach to be a successful substitute for the old hierarchical approach to service design and delivery (Roy and Langford, 2008: 6).

Canada has been a pioneer in adopting a network approach to delivering integrated services. Other countries (both unitary and federal) who adopted this approach include Belgium, UK, Denmark and Australia.

Figure: A more coherent and coordinated government-wide service model



Source: Harvard University, 2007: 10

Box 7: Service delivery through integrated networks

Canada is a federal country. At the federal level, it began in the late 1990s with its "Government On-Line" initiative to put a range of key services online so citizens could transact services with government over the Internet. This effort spawned the "Modernizing Service for Canadians" initiative in 2002, which resulted in a long-term plan of action. These two initiatives contributed to a third service integration effort: Service Canada, which was launched in 2005.

Belgium is a political federation, focused on creating identity management and interoperability standards – which helped drive administrative simplification across all layers of government.

The United Kingdom's central government recently granted a measure of domestic autonomy to Scotland and the Scotland, in turn, chose to invest heavily in a consultative approach with its citizens and communities to jointly define and design service goals. For example, Buckinghamshire has pursued a pilot to integrate all service delivery in its jurisdiction, including local districts and towns.

Denmark is politically a unitary state, focused on the creation of a common service architecture that reaches across all levels of government. Nationally, it emphasizes online delivery, but municipalities serve as the frontline service integrator offline.

Australia has a political federal system similar to that of Canada. Australia has undertaken many service integration efforts, most notably the 1997 creation of Centre link as an autonomous public service provider that has initiated a wide range of direct federal-to-local service provider partnership.

Box 8: Key achievement and changes of service Canada in its first year of operations

The Service Canada office adopts a citizen-centric approach in facilitating the customer experience. When a citizen first steps into the office, he or she will be met by one of the four floating staff who would then direct them to the relevant areas organized by service bundles. The environment, lightning, music and fittings are customized to the age groups of the targeted customers. The new Service Canada College is also located within the same building, training the existing and new generations of Service Canada staff. The location of Service Canada within the Galleria has in turn helped to revitalize downtown Regina and its economy.

a) Visit – Expanded in-Person Services

- An estimated 7.6 million Canadians visited Service Canada Centers.
- Expanding network of centers and outreach services. By September 2006, it opened 167 new points of service, well on the way to its three year target of doubling its presence.
- Reaching out to targeted groups of Canadians through a program called Multi-Language Extension Services that provide information and services in other languages, e.g. Punjabi, Cantonese, and Mandarin.

b) Click – Enhanced Online Services

- The new Web Site, servicecanada.gc.ca, received 5.5 million visits, or more than 15,000 visits a day on average.
- Re-designing the Service Canada Web Site, and adding new services, such as more on-line applications.
- Bundling services in a way that is tailored, relevant for citizens, based both on life event and demographic-based approaches.

c) Call – Improved Telephone Services

- Canadians made 56 million calls to Service Canada in the first year.
- Integrating the services of the 1 800 O-Canada line and the 23 call centers that provide specific information on Employment Insurance, Canada Pension Plan, Old Age Security and other related programs.
- Working towards the larger plan to build an integrated call centre network for Service Canada with one single contact number and interactive voice response systems.

d) Mail – More Consistent Services

- Service Canada processed CAD 190 million worth of payments each day, and sent 20 million letters about programs and services to Canadians each year.
- Introducing more standardized and consistent ways of processing benefit applications and other transactions in locations across Canada.

Source: Source: Harvard University, 2007: 10

Drivers of service delivery integration

Political leadership: prerequisite to effective collaboration across levels of government

Evidences show that promising political leadership is a prerequisite to building effective collaboration across levels of government. This cannot be solved by professional administrators. “When the authors examined several service delivery integration initiatives in other countries, they found a common element of their success was that their political leaders had become actively engaged. Based on these observations, the authors believe

more direct political engagement in the service innovation agenda in Canada is now a necessary next step. Greater political engagement will allow the eventual formation of new and more collaborative political mechanisms that are necessary in order to underpin the formation of shared and more seamless governance models capable of deepening the alignment and integration of services across levels of government" (Roy and Langford, 2008: 8).

Strategies common to the successful integration of service delivery systems

As the researcher examined a number of service delivery integration initiatives in a several countries, it is found that, irrespective of the political form of government, there seem to be common patterns and strategies from these initiatives that can inform the design and implementation of an integrated service delivery system that reaches across levels of government. These include:

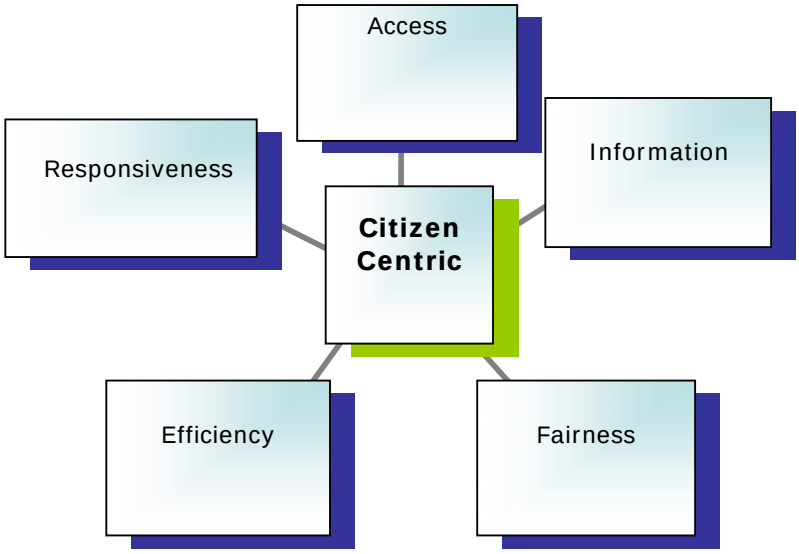
- *Create a collaborative network-based governance framework*: This forge a more robust set of conditions and learning opportunities for accelerating the development of network-based governance mechanisms that transcend traditional jurisdictional silos.
- *Engage citizens and communities in design and delivery*: There is a need of engaging a wider set of stakeholders including local government units, community groups, private and non-profit organizations, and clients.
- *Create a common technology, infrastructure and service standard*s: It is important to collaboratively build a service architecture used by all levels of government that emphasizes on standards and information systems across all government levels as much as possible.
- *Agree on a common identity management framework*: Create a formalized governance framework that emphasizes collaborative planning and shared forms of accountability.

8.3 Citizen Centric Model of Service Delivery

Globalization and expanded network of different forms of communication is driving up the customer expectations and public and private institutions are under the pressure of rapid reform and adjustments. One of the governance approaches rapidly emerging in service delivery is the citizen-centric approach. It has been the leading edge of public service reform in an increasing number of countries around the world.

The countries (like Austria, UK, Italy, USA, Canada and recently India and China) which are making most rapid progress in the direction of citizen-centric government. These countries are doing so because they see very hard, quantifiable benefits which go to the heart of public sector efficiency and the creation of public values. In this model, citizens are at the centre surrounded by a set of principles (figure 12).

Figure 12: Citizen Centric Governance



Citizen centricity is the key concept that aims ensuring citizens' welfare and citizens' satisfaction, is critical for any government, local, state or national; which aims to provide good governance. Citizen-centricity is all about turning the focus of government around- looking at the service delivery though the eyes of the citizens (so that the needs of the citizens come first) rather than operational or other imperatives of the government system. It is expected that a citizen-centric approach will enable public institutions to achieve the following:

- Essential *efficiency* gains and *improve service delivery* at all levels
- *Increase usage of online services, thereby improve sustainability and encourage investment in e-governance*
- Improve *citizen satisfaction* with government services
- Improve *quality of life*

The following are the pre-requisites of citizen centric governance:

- *Sound* legal framework
- *Robust institutional mechanism* for proper implementation of laws and their effective functioning
- *Competent staffing* and sound personnel *management policies*.
- *Right state policies* for devolution, local governance and accountability.

The following are the core principles for making governance citizen centric in developing countries like Nepal:

- *Rule* of Law - Zero tolerance strategy
- *Making institutions* vibrant, responsive and accountable
- *Decentralization*

- *Transparency*
- *Civil services reforms* as a inbuilt mechanism of public sector reform
- Ethics in governance
- *Periodic and independent evaluation* of the quality of Governance
- Adaptation and use of citizen-centric *tools and techniques* like *e*-governance and other ICT platforms

Finally, how governance in developing countries like Nepal can be transformed into more citizen-centric is the critical question to be answered. Taking the above mentioned concept, principles and pre-conditions, the following are some reform areas which can be usefully employed to make the public sector more citizen-centric.

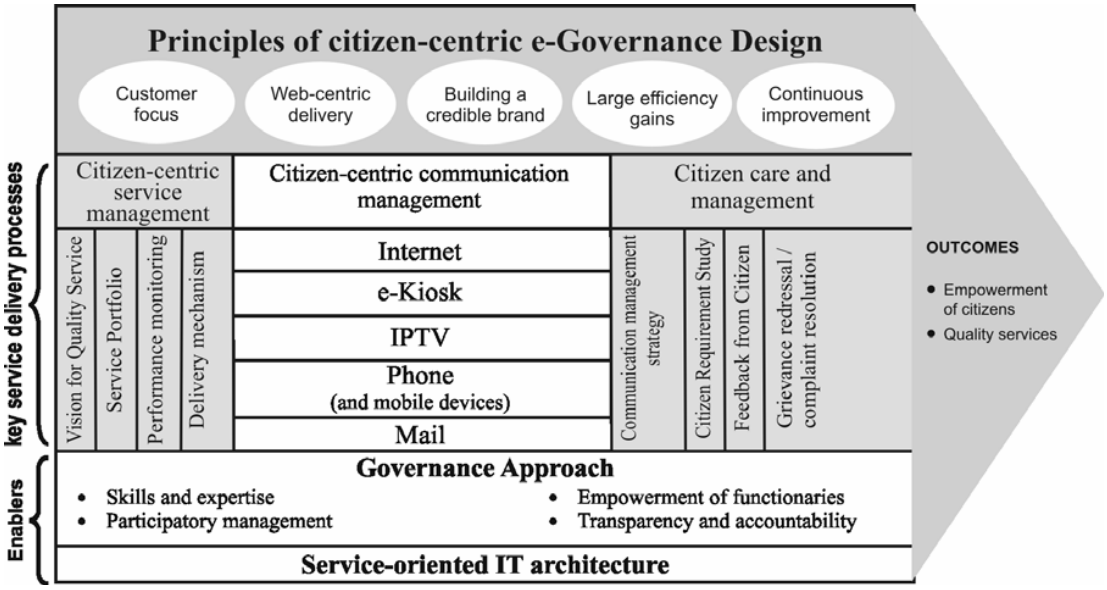
- *Initiate re-engineering processes* using current transition as an opportunity to make local governance more 'citizen centric'
- Introduce adoption of appropriate *modern technology* (more service available through *e*-governance)
- Ensure Right to Information at function level of local governance through web-sites, information kiosks, well functioning information center
- Effective implementation of already initiated *Citizens' Charters* with proper monitoring mechanisms
- Periodic *independent evaluation* of service quality, access to and coverage through regular service delivery surveys
- *Grievance redresses* mechanisms
- Active citizens' *participation*
- Promotion of *collaboration and public-private partnerships*

Service delivery through e-governance

This model also follows the citizen-centric model of governance as in integrated network model discussed above. It emphasizes on reaching to an individual and providing personalized services.

A comprehensive service delivery through e-governance became increasingly popular in current days. It follows citizen-centric model of service delivery. Beyond the process, it focuses on reaching to the doorstep of its client and client satisfaction is the motto. The following figure (13) presents its model.

Figure 13: Citizen-centric Framework for e-governance



Source: Gupta, 2006:42, IPTV – Internet Protocol Television

It is increasingly useful and popular in urban areas of developing countries where basic infrastructures are available and citizens are used to with basic ICT. In the health sector, telemedicine became very popular and useful in recent years in Asian countries.

Citizen-centric e-governance system design – a process approach

A citizen-centric government is something much more fundamental than simply a collection of departments providing services to citizens. It involves rethinking the entire service delivery system — across all agencies, and all levels of government — from a citizen perspective. Moreover, user needs typically cut across the organisational structures and hierarchies of government. So a true citizen focus requires a holistic approach, appreciated by all the levels of government. Citizen-centricity demands a single view of the citizen, within single service architecture, based around web technology. To begin and then sustain, it demands building a credible service delivery points, value addition by large efficiency gains, and continuous improvement, building trust and confidence. Delivering citizen-centric services needs to be seen as an ongoing and incremental process rather than a one-time exercise. There is no better way of understanding what is involved in moving to citizen-centric online delivery, and understanding customer needs, than to process approach. System design should be keeping in view, first, creating sustainable demand from citizens, and second, viable revenue model for financial viability of e-Kiosks and service provider.

While designing system, in the light of Citizen-centric e-governance, the following aspects need to be taken into consideration:

- Focus on information and services with maximum impact and visibility
- Awareness and confidence building programme
- Creating demand through

- making day-to-day required information (by citizens) available at e-Kiosk
- providing reliable delivery of 'a few services' in the beginning (to win citizens' confidence)
- Services those are cost effective and are likely to give higher revenue should be given priority

- Adding services gradually based on success

Typically, under process approach, service delivery will include the following steps

1. Understanding citizen
2. Citizen requirement study (CRS)
3. Identifying key processes
4. Defining standards
5. Aligning processes to meet desired standards
6. Quality management system (QMS) design
7. Effective service delivery

Table 13: Issues to be addressed to make citizen-centric e-governance successful

Component		Elements	Issues to be addressed
1.	Principles of citizen-centric e-Governance Design	Citizen focus	Focus of vision and mission on Citizens
		Web-centric delivery	Availability of a good number of services through web
		Building a credible brand	Emphasis on developing brand for e-Kiosks through awareness building and credible delivery of services
		Large efficiency gains	Availability of services within minimum possible time and large reduction in comparison to manual delivery
		Continuous updates and improvements	Whether the quality culture is evolved, and management systems put in place for continuous improvement
2.	Citizen-centric service management	Vision of Quality Service	Whether citizens' requirements and expectations reflected in service delivery policy
		Service portfolio (type and number of services)	Whether there is a right service-mix and a good package of services at e-Kiosks for citizens
		Performance monitoring	Monitoring of service delivery by officials manager and timely action by them
		Delivery mechanism	Whether delivery system (of concerned department / agency) has adequate capacity to deliver
3.	Citizen-centric communication management	Internet (at office / home)	Whether right communication channels placed for easy access
		e-Kiosks	
		Internet Protocol Television (PITV)	
		Phone (and mobile devices)	

		Mail	
4.	Citizen-centric citizen management	Citizen requirement study (CRS)	Whether citizen requirement study done (or market research carried out)
		Feedback from citizens	Whether citizens can provide feedback
		Grievance redressal / complaint resolution	How efficient is complaint resolution mechanism
Enablers			
5.	5.1Governance approach	- Skills and expertise - Empowerment of functionaries - Participatory management - Transparency and accountability	Whether systems of participatory management and quality culture established in the service department / agency
	5.2 Service-oriented IT architecture	- Hardware and software	- Robust IT infrastructure - Backend computerisation (including system integration) - Data security
6.	Outcomes	Empowerment of citizens	Overall quality policy of service department/ agency for citizen care
		Quality services	

8.4 Collaboration and Partnership

Collaboration for public service delivery refers to the reciprocal support that two or more distinct public sector agencies, or public and private administrations, including non-profit organisations (NPOs), provide each other in order to deliver a "public" service, i.e. one that is part of the government mission. Very often, this support translates into a formal agreement between the parties as to the purpose of their collaboration and the sharing of both tangible and intangible responsibilities, resources, risks, and benefits. As a general rule such formal written agreements are for a specific period of time and most often are presented in contract form.

Therefore, these "models of collaboration" generally present the following characteristics:

- A minimum of two distinct administrations, one from the public sector, the other from the private, public or non-profit sector.
- A formal written agreement for a definite term
- A common objective aimed at the delivery of a public service.
- Shared responsibility consisting of shared risks, resources, costs and benefits, both tangible and intangible

Collaboration and partnerships among government, private sector (both for profit and not-for-profit) and civil society organizations are becoming an increasingly popular form of service delivery. Partnership and other forms of cooperation among government agencies, civil society, and the private sector are being used to develop and expand energy and utility networks and services, extend transportation systems, construct and operate water and water treatment facilities, waste management, and provide such basic services as primary health care, education and shelter. Governments and the private

sector are cooperating through a variety of mechanisms, including from simple cooperation to contracts and concessions (figure 14).

Interest in public-private cooperation emerged for many reasons: insufficient national and local government capacity to extend services, public dissatisfaction with the quality and coverage of government-provided services, and ability of the private sector to provide some services more efficiently than government, and pressure from international aid organizations to mobilize private investments.

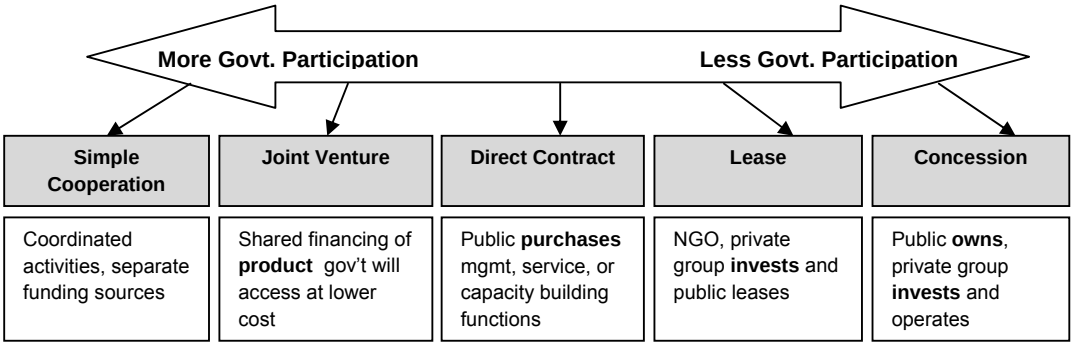
Type of collaboration and partnerships

Public-Public collaboration models include agreements between public agencies and can be classified into two main categories: horizontal and vertical. The first refers to agreements between two agencies or departments at the same level of government, while the second refers to intergovernmental alliances between local, provincial (state), or national administrations.

Public-private collaboration models present a greater diversity. Sub-contracting and out-sourcing are two common types. In these cases, Government retains responsibility for a service that is totally or partially operated by the private sector. However, public-private partnerships (PPP or P3) are emerging as the models of collaboration that trigger the most debate. They are distinct in that they focus on a sharing of resources, risks, and benefits across sectors. And while the service is public, as a general rule [usually], the funds are private. In certain models of collaboration, reciprocal support might even include the creation of a corporation, as in the case of mixed ownership corporations or regulated private companies. In both cases, Government hands over part of its management responsibilities while retaining enough control to ensure the protection of the public interest. This control is ensured by maintaining a controlling interest or through laws and regulations governing the activities of the corporation.

The diversity of collaboration models reflects the degree to which responsibility is shared, as well as the variety of potential partners from the public, private or non-profit sectors. Inter-organisational collaboration for the delivery of public services can be located conceptually on a continuum that ranges from government monopoly (no sharing), at one extreme to privatisation (total transfer of responsibility), another extreme. Any kind of collaboration and partnership falls between these two extremes as shown in the following figure.

Figure 14: Continuum of Collaboration and Partnership


More Govt. Participation
Less Govt. Participation
Simple Cooperation
Joint Venture
Direct Contract
Lease
Concession
Coordinated activities, separate funding sources
Shared financing of **product** gov't will access at lower cost
Public **purchases** mgmt, service, or capacity building functions
NGO, private group **invests** and public leases
Public **owns**, private group **invests** and operates

Source: RTI, 2008

Generally speaking, partnerships related to special programmes tend to fall toward the simple cooperation (left end of the continuum), and partnerships related to infrastructure development and operations (such as water and sanitation, and building secondary and tertiary health care facilities) tend to fall on the concession side of the continuum (right end). In many developed countries, partnerships tend toward concessions, while in most developing countries partnerships tend toward more government participation. By far, the kind of participation that is growing the fastest is through direct contract, where the government purchases service delivery, management and capacity-building services from various private sector partners.

There are different popular forms of partnership arrangements that have been practices in many countries. These include the following:

- Build-operate-transfer arrangements and private investment arrangements
- Public-private joint ventures
- Public service wholesaling
- Partnership between government and civil society organizations
- Independent civil society organizations

However, government's roles in successful partnership arrangements become more crucial and important. Government needs to remain involved in financing, facilitating, monitoring, evaluating and regulating functions, and policy coordination.

Delivery of services by private firms or NGOs is not necessarily inferior to delivery by the state and in some settings is preferable, but state fragility inevitably reduces the role of the public sector in favour of non-state actors. There are several alternatives.

Contracting-in and contracting-out: It is a widely used option in many settings, including in both developed and developing countries. The choice depends on several considerations: political preferences about the scope of state action; an analysis of efficiencies in services. In any case, quality assurance, equity and cost-benefit considerations are necessary and public accountability should be maintained.

Box 9: Health Care Contracting in Cambodia

In Cambodia, health expenditures were found to be driving families into landlessness and poverty. A contracting approach was adopted with the aim of reducing these expenditures – and in that it largely succeeded. The contracts were let mainly to INGOs and this posed the need for a transition of responsibility to local organizations. Moreover, local and provincial Ministry of Health (MoH) staff saw contracting as threat and resisted it. However, central MoH officials gained valuable experience in overseeing the programme and they supported it in the face of opposition (Vaux and Visman, 2005)

Box 10: Contracting of Lamjung District Community Hospital, Nepal

Ministry of Health and Population (MoHP) established public-private partnerships with a faith-based NGO in 2001 to manage the Lamjung District Hospital. The first phase of partnership was established in 2001 for five years. In 2007, the MoHP renewed the partnership contract for a five-year period.
Experiences of Lamjung Community District Hospital shows very positive results as there has been significant turnaround in the performance of the district hospital:

a) Capacity of the hospital has been increased from 15 beds to 56 beds, which includes 10 beds for maternity, 10 in paediatrics, 4 in the ICU, 1 for isolation, 3 private beds, and 28 general beds;

b) Average **patients flow** has increased from less than 15 per day to 160 per day.

c) Infrastructure has been developed. Before HDCS' involvement, the hospital lacked buildings and the existing buildings were dilapidated. Now the old building has been renovated, and new buildings have been constructed for out-patients and in-patient wards, quarters, and other uses. Equipment has also been brought in from abroad and installed in the facility;

d) Services have substantially expanded. Expanded services include diagnostic services such as laboratory, blood bank, endoscopy, ultrasound, x-ray; dental, and eye clinics; surgery, pharmacy, in patient/designated ward, outpatient, maternity and paediatric, 24-hour emergency services, public health services such as DOTS, and legal medico services and referral systems.

e) Human resources: Staff has increased from 36 to 56 including three government staff (1 medical officer, 1 health assistant, 2 staff nurses); Doctors: 2 MDGPs, 3 MBBS'; 13 nurses (staff nurse, ANMs), 12 Paramedic staff (CMAs, lab, x-ray), 26 support staff (admin, housekeeping, security).

f) Community participation: Community members take part in discussions about the hospital and are involved in planning and implementation through seven different sub committees. In a visioning workshop, the community identified the need for more participation and involvement by community members in the governance of the hospital, and therefore decided to form seven sub-committees under the Hospital Development Board, including the Charity/Free Health Care Sub-Committee, the Education and Training Sub-Committee, the Information and Communication Sub-Committee, the Public Audit Sub-Committee, the Physical Infrastructure Development Sub-Committee, the Human Resource Management Sub-Committee, and the Financial Sub-Committee. Each

committee has between five and seven members from different fields who are interested and have knowledge specific to that area.

g) Satisfaction: Although it is difficult to get full satisfaction from communities, the hospital Management Committee found that the beneficiaries are relatively satisfied following the implementation of the state-nonstate partnership, leading to the second phase of partnership.

h) Capacity development and sustainability: Capacity development of local partners remains a challenge. The sustainability of the partnership is threatened by a number of ambiguities in contract-related issues such as uncertainties in the renewal process, weak conceptual understanding, and so on.

As the goal of health sector reform is to improve the performance of the health delivery system, among other aims, it is important to take a closer look at this partnership to better understanding its goals, the nature of the agreement, how the district hospital is managed as a result of the agreement, its achievements and results, and the issues that need to be addressed to make this type of arrangement effective so that it can serve as a model for other health facilities.

Source: RTI 2010

Partnership with neighborhood organizations

This is not a new concept, but emerging and getting shape as neighbourhood government. The concept is built on the traditional self-help community initiatives in the era of absence of state apparatus at community level (1950s – 1960s). In recent years, it is commonly practiced through communities both for reasons of state failure and fulfilling pressing and immediate needs. These approaches are often community managed in the areas of small water systems, waste management, community forestry, community literacy ventures, sanitation and small rural infrastructure development. Two aspects are crucial for the community provisions – first is the social capital and second is the conducive policy environment supported by appropriate systems and procedures. Furthermore, provision of resources is necessary to sustain the approach.

This approach strengthens the short-route of accountability as provider and community works in collaborative manner and some solid understanding and partnership does exist behind the initiatives.

A study of community participation in rural water supply projects in India provides some relevant lessons on community participation in service delivery. The study sought to demonstrate that there were specific results showing that community participation leads to better project outcomes (Manikutty, 1997 in Commins 2007: 12).

The review of rural water supply projects was based on several factors that are useful for determining the benefits of community participation's impacts on projects. Among the key points of analysis were (Commins 2007: 12).

- technological outcomes----quality of water supplied and percentage of water taps in working conditions;
- use of project source-----extent to which the project was able to encourage community members to use the water supplied rather than traditional sources;
- changes in habits----notably health related such as cooking practices and latrine usage;

- continued community involvement----keeping areas near standpipes clean; keep facilities working; repairing defects;
- satisfaction of beneficiaries

Among the outcomes highlighted in the India summary were:

- better aggregation of preferences;
- more effective generation of demand;
- greater responsiveness by the bureaucracy;
- sustainability through feeling of ownership;
- better designs through local knowledge

The multi-community studies in India also raised a number of cautions about the short route and community participation. It was not enough to build mechanisms for community participation into projects, equal attention has to be given to mode of involvement and mechanism for doing so, and to the roles of local leaders. Community processes require appropriate and accepted mechanisms for resolving disputes that should be linked to public institutions. The review argued that project designs needed to be flexible enough to enable modifications to be based on program experience.

8.5 Local Governance: A Combination of Multiple Methods and Approaches

Generally in governance model of service delivery, publicly provided services are produced and/or provided by networks of organizations, public agencies, community groups, not-for-profit organizations and for-profit contractors. However, there are a number of local alternative models of local governance and central-local relation and service delivery role varies in these different models (table 9).

Table 14: Different models of local governance, service delivery role and central local relations

Models	Key Features and Provisions
1. Nordic Model	• Local government assume responsibility not only for local service delivery but also for social protection and social welfare functions. • Serve their residents from 'cradle to grave'. • Deliver property-oriented as well as people-oriented services. • Predominance of local government in service delivery: more than 30 percent of GDP in Denmark –and its autonomy are still preserved because of citizen satisfaction with local government performance. • The model emphasizes small local government (average jurisdiction of fewer than 10,000 inhabitants) that are predominantly self-financing. • In Denmark and Sweden, nearly 75 percent –and in Norway, 64 percent –of local expenditures are financed from own-source revenues. • Personal income taxes (piggybacking on national base) are the mainstays of local finance (almost 91 percent of tax revenues), and property taxes contribute a pitiful 7 percent of tax revenues.
2. Swiss Model	• The tradition of strong local government is further strengthened through direct democracy provisions in the Swiss constitution, including (a) people's initiatives, (b) referenda, and (c) petitions. • Consist of 26 cantons and 2,842 communes • Each canton has its own constitution, parliament, government and courts • Communes are handmaidens of the cantons, they perform some delegated tasks such as population registration and civil defence, but they have autonomous

	competencies in education and social welfare, energy supply, roads, local planning, and local taxation.
3. French Model	• The primary role of local government is to allow citizens at the grassroots level a sense of political participation in decision making at the national level • The system embodies the thinking of Rousseau and Voltaire on rationality and social cohesion and that of Napoleon on a sense of order and an unbroken chain of command. • The national government and its agencies represent the apex of this system. There is a similar chain of command through line and functional ministries. Therefore, the model is also called as the dual supervision model of local governance. • Public service delivery remains the primary responsibility of the national government; its agencies may be directly involved in the delivery of local services. • LG's have limited range of autonomous service delivery responsibilities. • LGs use a mix of local revenues instruments and rely significantly on central financing. • The average size of local government jurisdiction is small (covering fewer than 10,000 inhabitants).
4. German Model	• The model is highly influenced and guided by subsidiarity principles • It emphasizes on cooperation, and administrative efficiency. • The model entrusted policy-making functions to the federal level and service delivery responsibilities to geographically delineated states and local governments, to which it gives a great deal of autonomy in service delivery. • All purely local services are assigned to local governments. • The average local government covers 20,000 inhabitants, and local expenditures constitute about 10 percent to GDP. • General revenue sharing serves as a major source of local finance.
5. British Model	• It has some elements of the French dual supervision model. • It emphasizes a stronger role for centrally appointed field officers and sectoral and functional ministries in the provision of local services. • LGs must coordinate their actions with these central level officials. • LGs are given substantial autonomy in purely local functions, but they can access only a limited range of revenue instruments. • LGs play dominant role in property-oriented services as road maintenance, garbage collection, water, and sewerage and a limited role in such people-oriented services as health, education, and social welfare. • Property taxes are the mainstay of LGs, but they are typically derive two-thirds of the revenues from central transfers. They do not have access to personal income taxes. • The role of chief executive is weak, and local councils play a strong role in local decision making. • The average local government is large, covering about 120,000 inhabitants, and local expenditures account for about 12 percent of GDP.
6. Indian Model	• India had one of the oldest traditions of strong local self-governance (from the time of Indus Valley, which is now in Pakistan) and in the pre-Moghul period, LG was in operation more extensively than anywhere else in the world. • British role introduced centralized command and control model of governance and long-tradition of local governance received a major setback during the British rule. • After the independence, in India, feudal aristocracy was abolished through land reforms, but in Pakistan, such reforms could not be carried out. As a result, in the areas of feudal dominance, local self-governance led to capture by elite in Pakistan.
7. Chinese	• This model places strong emphasis on making provincial and local government an

Model	integral and independent sphere of national government. • Provincial and local governments are accountable to higher-level governments in general. • The functional departments are also accountable to higher-level functional agencies and departments. • The personnel functions are also integrated among various orders of government. • Because of its integrative nature, the model permits a large and expansive role for provincial and local governments in service delivery. • The average local government jurisdiction is very large. • Sub-provincial local governments constitute 51.4 percent of consolidated public expenditures, and these employ 89 percent of the total government workforce. • Some clearly central functions such as unemployment insurance, social security, and social safety nets are assigned to provincial and local governments. • Local autonomy varies directly with the fiscal capacity of the local governments.
8. Japanese Model	• The Japanese model has some elements of the French and German models. • It emphasizes centralized control, as in the French model of local governments. • The practice of agency delegation (German model) was retained even after the formation of elected LG (after World War II), in which LGs were expected to perform functions mandated by the central government and its agencies. • Income taxes are the mainstay of local government finance, contributing 60 percent of own-source tax revenues, followed by property taxes (about 30 percent) and sales taxes (about 10 percent).
9. North American Model	• The framers of U.S. constitution did not recognize local governments. • This model recognizes LG as a handmaiden of states and provinces but attempts to grant autonomy (home rule) to LG in their specific areas of responsibility – predominantly delivery of property-oriented services. • Canada also has similar arrangements as in the US. LGs perform an intermediate range of functions. The average jurisdiction of LG in the US is about 10,000 and in Canada about 6,000 inhabitants. Property taxes are the dominant source of local revenues. LG expenditures constitute about 7 percent of GDP.
10. Australian Model	• Australian constitution does not recognize local governments. It is left to the states to decide on a system of local governance in their territories. • Most states have assigned a set of functions to local governments, including engineering services (roads, bridges, sidewalks, and drainage); community services (old-age care, child care, fire protection); environmental services (waste management and environmental protection); regulatory services (zoning, dwellings, buildings, restaurants, animals); and cultural services (libraries, art galleries, museums). • LGs raise only 3 percent of national revenues and are responsible for 6 percent of consolidated public sector expenditures. • Property taxes (rates) and user charges are the mainstay (about 70 percent) of revenues, and central and state grants finance about 20 percent of local expenditures. • Transportation, community amenities, and recreation and culture command two-thirds of local expenditures. Local government in New Zealand bears a close resemblance to the Australian model.

Source: The WB, 2006: 28-32

Establishing accountability perspectives in local governance model – challenge

Accountability lies at the heart of a rights-based approach to development. Traditionally, accountability was limited to financial accounting, reporting and audit. From a human rights perspective, accountability is to people preferably from the 'short-route', not limited to financial institutions and donors. Accountability is intended to promote awareness, transparency and innovation.

There arise several methodological and analytical questions relating to accountability in the local governance approach to service delivery. Establishing accountability becomes a challenge when there are multiple partners as this is fundamental feature of governance approach. The task often may get focused or reduced to an exercise in attribution of outcomes. Others seek to identify the contribution or 'value-addition' of each and every stakeholder. At some level, both the attribution and contribution problems have much to do with identity and values of different stakeholders.

To be constructive, from a rights perspective, the stakeholder is required to introspect why an intervention succeeded or didn't. The following questions to be answered while designing the local governance model of service delivery among others (Nanda Kumar, 2004).

- Did the agency fulfill the role and responsibility assigned to it?
- Was the failure to do so due to lack of commitment, a shortage of human resources, a lack of capacity or plain negligence?
- Has the agency given sufficient 'voice' to the citizen in general and poor and under-represented, in particular?
- Did the agency provide any early-warning signals in the event of a 'failure'?
- Did the agency initiate adequate steps to prevent mismanagement or collapse of the programme?

These critical questions have to be addressed properly while designing the service delivery mechanisms in the local governance approach. Accountability should be the key to oversight organization. Institutionalization of social and public audit, public hearing, transparency in systems and procedures, use of score card help maintaining accountability to the people.

8.6 Service Delivery in the Fragile Political Situation in Nepal

Local Self Governance Act, 1999 was an overarching legal framework that was the first step towards local government's reform, but it did get adequate time and attention to bring effective outcome due to heightened conflict situation in the country. Dissolution of elected local government units in July 2002 was the biggest shed back in the history of local government practice in Nepal. Since 2002, local government units at district, municipal and village levels remained almost defunct; they are functioning only at very minimum levels, thus jeopardizing basic service delivery at local level.

There has been no elected government at the local level since July 2002. There has been a massive migration of frontline service providers to the district headquarters and towns. In terms of security, the division between government-held towns and what is in effect anarchy in the rural areas became more and more pronounced. But the greater effect, perhaps, is to further undermine the credibility of government. Apart from very basic

health and education (which are also sharply declining), virtually no services have been effectively provided to rural people by the VDCs. The VDC is the only most concerned grassroots level local government (mostly run by the only VDC Secretary). Furthermore, particularly in the most heavily conflict affected and remote areas, development projects have become more concentrated on the urban areas.

The situation has not been improved even after signing comprehensive peace agreement with the Maoist Party. Several newly emerged identity and ethnic-based parties and criminal groups continued threatening the front-line service providers and these officials fled from remote and conflict affected areas to district headquarters.

A major challenge is to (re) build effective state institutions at grassroots level in particular, where these have deteriorated, have been destroyed during the conflict or are depleted by low motivation and absence of frontline service provider like VDC Secretary, health and other extension workers.

Combining Humanitarian Approaches in Service Delivery

Thus, the structures that support government workers are almost completely dysfunctional due to absence of elected officials and continued threats to the frontline development workers. The smallest unit of government at grassroots level in the country, the Village Development Committee (VDC) has ceased to function in most areas of the country and government staffs have retreated to the district centres.

In Terai and middle hill districts of the country, service delivery agencies, particularly at VDC level, are facing increasing difficulties that have been hampering basic service delivery and limiting access to, while at the same time protections needs for communities are increasing. Within a year, more than 15 district's VDC Secretaries have resigned en masse citing security reasons (Ilam, Parbat, Dolakha, Kavre, Sankhusabha, Dhading, Banke, Myagdi, Kaski, Dailekh, Tanahun, Syanjha, Sunsari, etc.). These officials are in critically important position in providing very basic services at the grassroots level. How to regularize the service delivery at VDC level became a challenge in many districts of Nepal. Physical security and the need for protection are essential for both the providers and the community they serve.

The work of the MLD, which seeks to support local development through block grants, has been seriously affected by this loss of infrastructure. A ministry official reported that they have difficulty spending their budget as the structures no longer exist through which to work.

In such situation, who suffer the most is the poor, women, vulnerable and marginalized people, who needs the public services the most.

It is evident that there is a trade-off between impacting on access and social inclusion and building sustainable systems of service delivery. In areas where security is problematic and retention of frontline worker is challenged, the key concern is to gain access and to reach the most vulnerable. The main lines of accountability are to the community that is the target for the support through transparent and responsive programming. Sustainability through building the capacity of government for oversight is still possible, but requires innovative service delivery arrangements involving state and non-state actors.

In the current politically unstable context, policy makers are working within a very complex political framework, which makes formulation of policy extremely difficult and thus reduces the predictability. Over the short to medium term, political instability and conflict is likely to exacerbate the needs of poor people and may lead to calls for a humanitarian response (or a combination) in some areas where regular service has been severely interrupted. In some areas, agencies are already operating in the grey area between relief and development and it may need to further continue without making clear distinctions between development and humanitarian approaches. In such context, service delivery agencies, at the grassroots level in particular, have to combine some humanitarian principles into service delivery programmes, i.e. impartial, needs based, short-term impact, and delivery of tangible outputs.

8.7 Summary of Observations, Experiences and Lessons

The following paragraphs summarize the lessons drawn from the review and assessment of different service delivery models and approaches.

- Community participation is crucial, but one lesson from an assessment of the results from various models is that not all interventions that involve communities have been equally successful.
- There is no singly, correct or best approaches to community participation and service delivery. The singular approaches of public or international NGO or private sector service delivery, or decentralized versus centralized, create more problems than they resolve. Yet, while there is no one 'right path' to how services should be delivered or ways in which community participation can be strengthened there are lessons from different experiences that can guide policy makers and civic organizations.
- The lesson learned from experiences of partnership models is that entering into a partnership demands in-depth strategic thinking about the rationale for, as well as the modalities of, partnerships. These are important issues that cannot be taken lightly, as there are consequences and risks for both state and non-state partners. There are also significant ethical and operational challenges that the development and expansion of state-non-state partnerships have to confront in order to become successful strategies for solving health system problems (Nishtar, 2004: 2-5).
- A wider range of literatures illustrate that there are important connections between community participation, and the key goals of allocative efficiency, technical efficiency, and improved mechanism of accountability. However, these and other linkages are also illustrative of the limits due to factors ranging from existing economic relations to gender relations. Among the best examples of technical efficiency are the experiences from participatory school management in Bangladesh, and water management in Malawi, while the allocative improvements were found in Rwanda's decentralization and water management in India (Commins 2007: 25).
- In summary, the following are key learning about community participation and service delivery (Commins 2007: 26).
    - Context matters and must be understood
    - Moving to scale is likely to require an enabling public sector

- Promotion of community participation includes strengthen the enabling environment and remove disabling factors
- Promotion of processes of decentralization takes many forms, and the resulting forms of participation will vary accordingly
- Identify key elements in State/society relations
- Accountability movements

- Experiences from Nepal and other countries suggest that successful partnerships between government and private or social organizations must be designed carefully and reflect the interests of those who are affected by the arrangement.
- An effective partnership must take advantage of the relative strengths of each partner, resulting in greater combined capacities to understand the needs and priorities of citizens, in improved quality and coverage of service provision, and in lowered costs. By increasing the ability of the state to respond to the needs of citizens, partnerships can play an important role in promoting local development.
- Establishing good rapport, building trust at the community level, adopting simple procedures, planning involving local partners and community people are the keys to rapid and effective implementation of project activities at local level. At first, participatory planning may appear time-consuming. Once it is managed effectively and inclusively, however, it pays in the implementation stage by making implementation effective, equitable and efficient.
- When local partners are trusted, given authority and involved actively in the planning process, then: a) implementation becomes more efficient and effective and b) local resources are enthusiastically mobilised, leading to a high level of community ownership that ensures sustainability.
- There is a direct relationship between proximity of funds and degree of access of target beneficiaries. Higher level of local resource mobilization and community ownership are possible if:
    - Available financial and human resources are declared at the beginning, and transparent and simple mechanisms are established.
    - Planning methods and implementation approaches are clear and simple.
    - Planning, decision making and implementation are managed by local communities.
- People, even the poor, are knowledgeable, capable and ready for development at the local level. Usually, most development agencies underestimate local intelligence and capacity. It creates an environment of mistrust, thereby delaying implementation which results in a lower level of community ownership.
- Changing human attitudes and organisational behaviour require a collaborative approach together with clear conceptual understanding. Local people need facilitation more than direction by development agencies.
- Public/social audit is simple, and the best auditing system for local development activities. It ensures local accountability through transparency, thus promoting local democracy in the long run.
- If development initiatives are owned and led by local communities, development processes become a part of their daily life. With this approach, development

activities are not much affected by the conflict situation, rather the development process helps to minimize conflict at the local level.

- Delivery of basic services that are mandated to local government units were found more acute and access were found weak and difficult, especially among conflict affected populations and poor and marginalized groups.
- The analysis on the current fragile situation in Nepal (presented in section…..) indicates that agency approaches to the delivery of basic services have to be evolved in response to the political instability and continuing conflict. Specifically, service delivery has to been re-oriented to increase transparency and accountability, adopt a lower profile, use local staff, deliver tangible outputs based on need, and target the poorest and most marginalised members of the community. The adoption of such approaches may facilitate access to some of the most badly affected areas of the country.
- Nepal needs to adopt hybrid local governance approaches of service delivery, where I/NGOs align with or hand off to local government units avoiding parallel service provisions.

9. CONCLUSION AND RECOMMENDATIONS

9.1 General Policy Recommendations

Broadly, the following strategies are suggested to make local governments to play effective role in service delivery and poverty reduction.

a) Devolving management and authority, and strengthening service delivery capacity

Increasing access to and use of public services are critical for effective service delivery, especially in rural areas. However, service delivery and infrastructure development have been weak in most rural areas. Local government units (LGUs), which are in a better position (potentially) to deliver services effectively, efficiently and equitably in rural areas, are understaffed, weak and fragile. Therefore, devolution and capacity building processes must go side by side with institutional development and staffing provisions.

The existing dual model of service delivery (through local government and line agencies) diminishes the importance of down-ward accountability and democratic local governance. In designing the local governance framework under federal structure, state/province may dominate in the similar manner. Therefore, 'subsidiarity principles' should be properly followed (bottom-up), not the 'residuality principles' (top down).

The service delivery role of LGUs is often underestimated in relation to meeting MDGs. The MDGs are being defined as national goals, but are not properly linked with local government framework and structures. There is a need of making LGUs also responsible and accountable to achieving MDGs in their communities, which include an overarching goal of poverty reduction. Otherwise, outcome disparities between the poor and wealthier may not be reduced and achieving MDGs may prove to be difficult.

To address all these issues, MLD and NPC (in collaboration with associations of local bodies) need to design and conduct a series of feasibility studies –likely model of local governance in the context of federal structure in the country. These agencies need to play proactive role in this matter among others.

b) Participation, voice and accountability mechanisms

Participation of stakeholders at local level, especially the poor and marginalized groups, is critical to the empowerment process, equity and accountability. Absence of voice is part and parcel of poverty. Therefore, there is a need to develop mechanisms, which ensure greater accountability to local communities. To start the initiatives of strengthening voice and accountability mechanism from the existing mechanism could be explored and implemented based on the MCPM findings.

The recent MCPM study report shows that the following are the major areas and indicators for not complying MCs.

Table 15: Major non complied indicators

Indicators	Areas
Internal Audit section established and functioning	Financial Management
DDC timely appoints final auditors to audit VDCs accounts	Financial Management
Approved annual plan and budget	Planning and budgeting
Reporting compliance to MLD	Planning and budgeting
Information and records centre established and keeps information/records as specified	Transparency
DDC updated document of irregularities (non-settled) amount shown in the Auditor's Report	Financial Management
Reactions on the audit reports	Financial Management
Annual progress review	

Source: Devkota, LGCDP, 2009: 17

As shown in the table, most of the non-complying indicators are related to planning, budgeting and financial management. The LSGA advocates participatory planning, budgeting and transparency in financial management, but the practices show the different results. Therefore, based on these findings, more transparent prohibitions should be prescribed and monitored through the MCPM among other initiatives.

Another way to strengthen voice and accountability is to engage more and more stakeholders in participatory planning, management and budgeting process. Social and public audits, "score cards," citizen charters and other such tools have found to be effective mechanisms to balance supply and demand and improve quality of services. Social/Public Audit Guidelines have been prepared by the MLD and LBs are instructed to follow the guidelines. But effective and systematic monitoring of implementation of such guidelines has not been done yet.

Effective forms of community participation in service delivery provide both opportunities for more downward accountability, and thus reduce the accountability gaps between the citizens and policy makers. Transparency at the local level may also be enhanced through the use of score cards or social/public auditing provisions for public services or supporting local independent group (including media) to act as monitors of service delivery activities. These measures serve to promote a process of slow improvements in accountability, both short route and long route, in the given weak institutional and fragile political environment.

c) Pro-Poor development policy and strengthened central-local relations

It is important to create interdependency among different levels of government and complementing in performing their roles and responsibilities, and thus strengthening central and local government relations. In recent years, there are signs of increasing focus on pro-poor policy frameworks, and strengthened cooperation between the levels of government. Furthermore, an enabling policy environment and institutional reform at the

central level is also required to transform the central role to one of stewardship, so authority can be given to local governments to manage and deliver services.

d) Partnership with private sector and community organizations

The MLD also needs to give further attention to improve and enhance the performance of local government through a democratization process, encourage establishing and strengthening partnerships with the private sector, including NGOs, and networking with civil society and community-based organizations. It also provides avenues for voicing citizen's concerns.

Over the years, MLD, in this front, has prepared a number of guidelines to support local governments to guide and help in establishing partnership with private sector, NGOs and community organizations. The Ministry needs to assess the implementation status and impact of such policies, strategies and guidelines and need to update and reinforce on continuous manner.

9.2 Improving Service Delivery Systems and Procedures

a) Result-oriented and citizen centric service delivery

In general, local government units in Nepal have been functioning in a very traditional fashion, staff's recruitment process in not transparent and competitive; procedures are more process oriented and less result concerned. Service delivery system and procedures is not citizen friendly. Proper attention has not been given to improve the service delivery.

For an ordinary citizen to get a simple recommendation needs to compile a lot of papers (mostly not even useful) as evidences and on an average processing takes at least 4-5 hours (example of Panauti Municipality and Kathmandu Metropolitan City, Feb. 2010 and the case of Kavre DDC).

Most of the services are manually processed; record verification is horrible that makes citizen to suffer. Frontline service providers are not well motivated and seeking for undue benefits became quite common. Supervisors do not have proper control over their staff and 'unionization' became a challenge for reform and staff efficiency.

Therefore, service delivery systems and procedures need to be aggressively improved and modernized and thus should be made citizen-centric adapting alternative models of service delivery. Furthermore, service delivery functions should be given to the VDCs and Municipalities, and/or private sector and community organizations as appropriate. Thus, DDCs role should be more of policy making, development facilitation, planning and coordination.

b) Periodic facility and service delivery surveys

Local government, being the nearest democratic government institutions, need to ensure that citizens are satisfied enough on their overall functioning and the service delivery in particular. Indicators need to be developed in a participatory manner and periodic facility survey with exit interview and service delivery surveys have to be conducted on periodic basis and linked with the regular MCPM surveys. Such surveys have not been conducted in the local government's level in Nepal yet.

A national framework for periodic facility survey can be prepared and survey can be conducted (using the framework) by independent consulting firm at local level. For service

delivery surveys in larger municipalities and DDCs should be made mandatory and these surveys should be carried out by pre-qualified firms or consultants with rich background/experiences in the similar field.

c) Adaptation of alternative service delivery methods

Traditional definition of public and private goods has been changed following the paradigm shift in governance models. Local government units have to thoroughly review their traditional and cumbersome service delivery methods and need to adapt innovative methods and approaches.

Based on the experiences in other countries similar to Nepal and in-country experiences, the table below (table 10) presents some specific services that can be delivered more effectively and efficiently through alternative delivery methods.

Table 16: Services recommended to adopt alternative service delivery models/approaches

Description of Service Delivery Function	**Recommended models/ approaches**	**Existing mandates as provisioned in the LSGA**		
		VDC	**Municipality**	**DDC**
Waste management, water and sanitation				
Awareness in solid waste management at household and community level to reduce waste, segregation and processing at household level	Partnership with community organisations	✓	✓	
Solid waste collection, transportation and landfill site management	Partnership with private sector	✓	✓	
Sewerage plant operation and maintenance	Partnership with private sector	✓	✓	✓
Management of drinking water system	Partnership with user's committee and/or private sector	✓	✓	
Physical development and management				
Maintenance of feeder roads	Partnership with community organisations/user's committees	✓	✓	
Traffic and parking area management	Partnership with private sector	✓	✓	
Regular monitoring of building construction and regulation of construction work	Performance-based partnership with private sector	✓	✓	

Management of public lavatories	Partnership with private sector		✓	
Street light management	Partnership with private sector and/or community organizations	✓	✓	
Plan formulation and implementation of settlements and temporary/weekly market (Haat)	Implementation of plan and operation by farmer's or producer's associations	✓	✓	✓
Residential area planning and implementation/settlement development	Partnership with private sector and/or community organizations	✓	✓	
Irrigation programme implementation	Partnership with user's committees	✓	✓	✓
Generation and distribution of electricity	Partnership with user's committees and/or private sector	✓	✓	
Management of micro hydro and other energy programme	Partnership with user's committees and/or private sector			✓
Kanji house, detention and auction of stray cattle			✓	
Health and environmental management				
Park and entertainment area management	Partnership with private sector	✓	✓	
Operation and management of Hospital, Ayurvedic (oriental medicine) dispensary and health centres	Partnership with I/NGOs and community organizations	✓	✓	

This presents some examples; it is not an exhaustive list of public services. Local governments can choose decide upon the modality based on their own situation, availability and competency of partners and other criteria.

d) Capacity building of local government and local organizations

Capacity building is a long-term process that improves the ability of an individual, group, organization, or local administrative and governance system to create positive change and perform better to improve service delivery and overall local governance.

The following are recommended to consider in designing and delivering the capacity building initiatives at local level.

Capacity building must be subject to rigorous monitoring, evaluation, and reporting.

- Encourage the use of a common definition for *capacity building* as well as common standards and indicators.
- Assess the impact of capacity building over the short, medium, and long terms.
- Research, publish, disseminate, and apply findings on capacity building..

Capacity building must be participatory, needs-based, and designed with a focus on sustainability.

- Design and implement capacity building to reflect the needs and priorities identified by local implementing organizations.
- Design and implement capacity building to correspond to local implementing partners' time lines and processes to maximize impact.
- Advocate and develop efforts for sustaining change after capacity building ends.

Capacity building tools and approaches must be available and adaptable.

- Provide specific advice on how to adapt tools and approaches to different contexts
- Find realistic means to address proprietary concerns.
- Make tools available electronically and in translation

Capacity building must be recognized as an essential technical discipline.

- Design all projects to include appropriate individual, team, and organizational capacity building.
- Hold capacity building to the same standards as primary project activities.
- Measure and advocate for capacity building as both a means and an end.
- Support the continued professional development of existing, and train a new generation of, capacity building providers.

e) Regular delivery of service: extended hour services

In the public sector, there are almost 70-80 days of public holidays in a year excluding weekend. In recent years, people have been increasing suffered from strike and deprived from seeking lifesaving and essential services like health services, water supply and other critical public services. Therefore, it is recommended to ensure service delivery (by the state) around the clock for emergency services and make service available on public holidays by introducing shift staffing arrangements (for example private banking sector has been providing services in public holidays too). As an alternative, staff vacation can be managed with the provision of floating holidays (instead of fixed days). Furthermore, many services can be covered by paperless e-governance package.

9.3 Recommendations for Managing the Transition

A fundamental to transition – and a key objective in stabilising contexts – is the movement from alignment to establishing primary government responsibility for services. It does not mean that the government delivers all or most of the services, but the government does have final responsibility for regulation, monitoring and enforcement in the services sectors.

While fragility has a negative impact on public services, there is also evidence that improvements in service delivery can contribute to strengthening governance and reducing fragility. This has major implications for how government choose to engage in different fragile contexts. Not only does it require well-designed and contextually adopted approaches, but also careful attention to ensure that enhancing service delivery in the short term can make a contribution to state building in the long term. Given the complexities of service delivery in fragile settings, this is not an easy task.

a) Hybrid type of service delivery approaches in conflict areas (short-term strategy)

Nepal has been transitioning from a very unique political and administrative situation, it is important to ensure continuation of basic service delivery throughout the country. In the ongoing conflict areas, where provider's existence is challenges, Nepal may need to adopt a hybrid type of approaches that combines both humanitarian and development programming approaches. The country may need to adopt hybrid governance approaches of service delivery in such a way where I/NGOs align with local government units avoiding parallel service provisions.

Given the spatial nature of the conflict, fragility and emerging identity issues, there are likely to be different modalities in different areas and potentially across different sectors.

Community-based approaches show great potential and may be the only feasible, attainable option in very difficult environments like in some areas on Nepal. In the long-run, however, multi-layered strategies should be used to create a mixture of state and non-state provision.

Use of non-state mechanisms for service delivery: In case where non-state can provide quality service in equitable manner, the government need to promote and facilitate non-state partner to provide basic services. If the capacity of service provider is very weak or dysfunctional, then it may be necessary to consider alternative mechanisms for providing basic services with proper accountability mechanism. However, state institutions should not be undermined and ignored, which may erode state legitimacy.

b) Utilize transition as an opportunity

Generally, post conflict situation offers unique opportunities for rebuilding of nation and governance reform, in the service sectors as elsewhere. In this phase, focusing efforts improving the policy and institutional framework is critical – and this can be done even while front-line service delivery is in the hands of non-state partners.

The MLD together with partners need to prepare a transition plan for improving service delivery, local governance reform (during the transition and beyond) and start implementing the plan as soon as possible. The key long-term objective should be to strengthen public institutions for sustained development. In order to balance these competing near-term and long-term priorities, donor support, service delivery, state capacity and governance needs to be integrated.

During the transition, the overarching objective of state building should not be underestimated. External support and national programmes should be streamlined in such a way that promotes a timely transition to sustainable service delivery and accountable governance.

A decade long perspective is needed for a post-conflict transition, to take into account the fragility of peace settlements and the need for social cohesion and government legitimacy in all phases of programming. In this context, LGCDP is a good example that MLD has recently implemented in this front, which has a notion of regularizing service delivery through community approaches and thus strengthening grassroots governance.

c) Medium and long-term goal – democratic local governance

Managing the transition to peace requires a context-specific balance of technical and political considerations. There is no 'one fit all' service delivery model. The appropriate design of service delivery initiatives must therefore be guided by a specific assessment of context. The following elements need to be considered as guiding principles in designing any service delivery models:

- *Building accountable governance is the key to democratic governance* Accountability plays a central role in service delivery and democratic governance. Yet, external aid, if appropriate instrument is not adopted, may have adverse impact on state's accountability for essential services and even weakening the governance framework over the long-term.

- *Understanding access constraints and coverage of services:* Usually the poor and marginalized groups who are cut off from services, whether by failures of the public sector or those of the market. Proper understanding access problems is essential for designing interventions to improve service delivery to people, poor and marginalized group in particular.

d) Transition from unitary to federal state structure

As Interim Constitution of Nepal has envisioned, the country has to convert its century long unitary state structure to a decentralized federal one. Theoretically, federalism is always accompanied by decentralization, but it is not a necessary condition for decentralization and also decentralization is not sufficient enough to facilitate federalism. The line between the two is, however, closes and makes it very difficult to separate one from the other.

Federal states generally have a structured system, devolving power and authority to each level within the system; more of polycentricism. Unitary system differs as the central government dictates the limit and conditions with delegation of authority to sub-national level; more hierarchical system. Many developing countries that are practicing federal state do not practice full federal system as what they refer to as federal state is synonymous to unitary system (Work, 2003).

The major aspect of restructuring is that the central government had to relinquish power while all the agencies at the lower levels needed to be appropriate level of powers, provision of functionaries and clear mandates. Nevertheless, national standards/ policies would have to be determined by the federal level and it should be an integral part of the transitional plan.

Therefore, smooth transitioning and restructure needs a lot of careful efforts and need a diverse skills and knowledge. The following principals are suggested to be followed for successful management of the transition from unitary to the federal structure:

- *The transition has to be a well planned process*, and the plan must be prepared in advance with through discussion with stakeholders, should be included in the annual plan and budget. People well versed in public administration and structuring management must be actively involved in the process.

- *Do no harm.* Services and facilities which people are now utilizing should not be discontinued in the name of state restructuring. For instance, children need to be able to keep on attending their school, and the people who is using services from the hospitals and public health facilities, needs to have the same access to facilities in the future.
- *Must involve sequencing of activities* - Steps should be taken gradually, when there is the capacity to take them. Sequencing of activities should be provisioned into the transitional plan with clear transitional measures.
- The transitional plan needs to have a *conflict resolution measures* addressing at the roots of the conflict with a clear accountability mechanisms.
- *Transparency*. People need to know the truth. The policymakers must inform people about the reasons behind their every decision.

In the federal system, the federal government has a strong role to play. The federal level needs to play many critically important roles; few are spelled out below based on the experiences of other similar countries:

- provide overall national policy direction
- define minimum standards of service delivery
- establish a transparent system of transferring technical and fiscal resources to assist state and local governments
- establish institutional mechanism to guard against corruption and abuse of authority
- monitor performances at appropriate level
- help coordinate and facilitate inter-state and inter local government relations
- facilitate and strengthen federal-state and state-local government relation

Beside these, the federal government should also support information sharing among different local governments. This could be done through recognition of exemplary local governments (an example of which is the '*Gawad Galing Pook*' awards annually given to innovative local governments in the Philippines), the articulation of minimum service standards, and support of local government associations, among many other alternatives. These functions are crucial in mitigating some of the problems associated with decentralization and managing conflict between state and local governments.

8.4 Policy Action Matrix

A policy action matrix has been prepared to support stakeholders in implementing key recommendations of this study as these relate to their specific mandates (annex 1).

The matrix summarizes study finding and includes only key actions based on the major recommendations. For details, reader and stakeholders have to read the related section of their concern.

8.5 Areas for Further Studies

This study sets out the basis for further studies related to service delivery effectiveness in the country. As this is a first study of this kind in Nepal, it will lead to a series of studies and assessments in order to enhance the service delivery effectives at local level.

The following are recommended studies and assessments to be conducted in the future:

- Facility survey focusing on effectiveness of service delivery based on pre-defined indicators and measuring frameworks in selected LBs
- Service delivery survey – framework design and conducting every year in selected LBs, which have to service larger population
- Institutional reform and restructuring of local government units under the federal structure
- Indicators and minimum standards for service quality and quality assurance mechanism in service delivery at local level
- Monitoring mechanism for citizen's charters and other existing accountability mechanisms
- Assessment of implementation status and effectiveness of local governance related policies, strategies, guidelines/directives and operating procedures and manuals (every 2-3 years).
- Exploration, documentations and sharing of best local governance practices that exist in Nepali societies for long-time (periodically in certain intervals).

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ANNEXES

Annex 1: Policy Action Matrix

Constraints/Issues and Challenges	Recommendations	Activities	Indicators of Achievement	Responsible Agencies	Time Frame
8.1 a) Devolving management and authority, and strengthening service delivery capacity					
• Parallel model of service delivery (through LG and line agencies) duplicating and competing each other. • Supremacy of line agencies underestimating the role of local government in local governance.	• There should be a clear delineation of functions following the 'subsidiarity principles' (bottom-up) not the 'residuality principles' (top-down),	• Prepare transitional plan and implement in a proactive manner. • Design and conduct studies on the potential structure of local governance and other critical aspects (revenue sharing, service delivery, etc.) in the context of federal structure.	• Transitional Plan • Study reports on different aspects of local governance	Lead: MLD Support: NPC, MoF, ADCN, NAVIN, MuAN, Sectoral Ministries	2011-2012
8.1. b) Participation, voice and accountability mechanisms					
• Weak citizen's voice by service provider and policy makers • Weak down-ward accountability in service delivery. • Less transparent method service delivery and weak access of poor and marginalized	• Strengthening citizen's voice over service provider and oversight role to strengthen accountability (short-route)	• Major decisions to be made public through –notice boards, periodic bulletin, print and electronic media. • Budgetary proposals, expenditures, audit reports and annual performance to be posted in the web-site, broadcasted through local electronic and print media. • Establish effective and trust-worthy mechanism of receiving complaints on service delivery related issues and prompt actions to be taken	• Functional and regularly updated websites of all municipalities (preferably interactive) • Functional mechanism in place for public hearing, use of score cards and other tools	Lead: Local bodies (DDCs, Municipalities and VDCs), line agencies, I/NGOs and other providers Support: MLD and other central level line ministries/depart	2011-2012

	groups.		• Organize periodic public hearing and social audit focusing on citizen's access to services, coverage and quality of services, use of score cards • Mandatory provisions to participate poor and marginalized groups in participatory planning and budgeting process	• Social audit report that documents service access of poor and marginalized groups with their status of participation in the process	ment – for monitoring and making the provisions mandatory by improving policies and strategies	
8.1 c) Pro-Poor development policy and strengthened central-local relations						
	• Weak pro-poor focus on existing local governance • Weak central-local relations in service delivery	• Prepare and implement pro-poor policies at local government's level	• Prepare pro-poor policy framework at local government's level • Participatory design and implementation of poverty alleviation programmes	• Pro-poor policy framework of local government units • Targeted poverty alleviation programmes and progress reports	Lead: Each LG unit Support: MLD, NPC and association of local bodies	2011-2012
8.1 d) Partnership with private sector and community organizations						
	• A series of policies, strategies and guidelines are prepared and implemented by the MLD (through LGUs), but effectiveness and impact of such policies, strategies have not been	• Assess the implementation status and impact of policies, strategies and guidelines • Update and reinforce policies and strategies on continuous manner.	• Design policy review framework • Conduct impact studies on key policies and strategies • Update and reinforce policies and strategies through updated guidelines and other instruments • Design and establish partnership with private sectors and community organizations, I/NGOs in key service areas to gain effectiveness and efficiency.	• Policy review framework • Study reports on key issues • Updated policies and strategies based on the study findings and recommendations • No of established partnerships	Lead: MLD and LGUs Support: NPC, association of local bodies, key line ministries and departments, private sector, NGOs and community	2012-2013

	systematically assessed and evaluated.			programmes in place with MoUs	organizations	
8.2 a) and 9.2: Result-oriented and citizen centric service delivery						
	• Current service delivery mechanism is not citizen friendly, but traditional, cumbersome and very process oriented. • Transaction cost of DDC level service delivery is much higher in many areas of services.	• DDC needs to devolve service delivery functions at possible lowest level and focus on coordination, policy facilitation and monitoring functions. • Adopt alternative models of service delivery.	• Conduct rapid feasibility study to devolve the existing service delivery functions to VDCs and Municipalities and/or community organizations to increase citizen's access to, coverage and strengthen citizen's oversight and participation role. • Develop citizen-friendly system and procedures at local government's level • Modernize recording and service delivery mechanism • Convert service delivery from process orientation to result orientation and link with staff's salary status (performance-based benefits)	• No. of service delivery functions devolved to concerned VDCs, private and/or community organizations (from DDCs) • No of alternative service delivery methods adopted in service delivery • Assessment reports that shows the modernized facilities in the LGUs	Lead: Concerned DDCs Support: MLD, NPC, MoF and association of local bodies	2011-2012
	• Too much public holidays, strikes and interruptions inessential service delivery.	• Provision of all days guaranteed service (7 days/week) and extended service hours for life-saving and critical services.	• Identify critical services to be delivered 7 days/week and include under essential service package. • Enforce related legal provisions strictly to regularize the services (laws related to Essential Services) • Arrange additional human resources and provide extended hour services for selected services (maternity and child care, other	• No. of working days in a year. • No. of extended service hours for selected services. • No. of staff working for extended service hours.	Lead: Central level line agencies and their field offices and service stations Support: MLD, NPC, MoF and association of	2012-2013

			emergency health services, etc.)		local bodies	
8.2 b) Periodic facility and service delivery surveys						
	• In current practice, LGUs do not have any effective mechanism that helps them to ensure the level of satisfaction on their overall functioning and service delivery.	• Design and implement periodic facility survey and service delivery survey (by an independent consultant) to measure level of citizen's satisfaction with the local government performance (including service delivery)	• Design and conduct facility surveys on periodic basis by local independent firm or consultant (each DDC and Municipality). • Design and conduct service delivery surveys following scientific tools and methods annually by bigger DDCs and Municipalities.	• Framework for conducting surveys • Periodic facility survey reports • Annual service delivery survey reports • Progress status report showing implementation of findings and recommendation of survey reports.	Lead: Concerned DDCs and Municipalities Support: MLD, NPC, MoF and association of local bodies	2012-2013
8.2 c) Adaptation of alternative service delivery methods and improve overall service quality						
	• LGUs provide services in a traditional manner without considering the competitive advantages, effectiveness and efficiency. • Governance concept has not	• Each LGUs, municipality and bigger DDCs need to re-think/review their existing service delivery methods and approaches from efficiency and effectiveness perspectives.	• Review existing service delivery methods and approaches with fresh eyes. • Identify areas of their and other partners core competency in specific service areas • Design and adopt alternative service delivery methods and approaches (partnerships, e-governance, and other community approaches)	• Review reports • No. of partnership arrangements in place with MOUs • Publically available document that defines standard and quality of services.	Lead: concerned LGUs Support: MLD, NPC, MoF and association of local bodies, private and community organizations	2012-2013

	been clearly understood and institutionalized in LGUs functioning. • Standard and quality of services not defined at local government's service delivery	• They need to adopt alternative service delivery methods in specific areas where they do not have efficiency gain. • All local government have to define their minimum service quality with minimum procedures and need to guarantee maximum time for providing specific services.	• Define minimum service standard and quality of services			
8.2 d) Capacity building of local government and local organizations						
	• Capacity of LGUs is weak in delivering services in effective and efficient manner • Collaboration among different partners, team spirit and working relations are weak and fragmented.	• Prepare comprehensive capacity development plan and implement gradually as an integral part of annual plan and programmes.	• Identify needs and design capacity development programme not only limited to LGU staff, but other partners too. • Implement the capacity building programmes in a systematic manner. • Conduct rigorous monitoring, evaluation on the impact of the capacity development initiatives. • Measure the efficiency gained in the quality of service provided (before and after) from client's perspective by including this as an indicator component of service delivery surveys.	• Capacity development plan/programme of LGUs • No. of participants benefitted from the training • Rate of efficiency gained after the capacity development initiatives in delivering services (delivery time, quality,	Lead: concerned LGUs Support: MLD, NPC, MoF and association of local bodies, private and community organizations	2012-2013

				frequency/no. etc.)		
8.3 a) Hybrid type of service delivery approaches in conflict areas (short-term strategy)						
	• People in general and poor and marginalized groups in particular have been deprived of basic services in conflict affected and remote areas.	• Combine both humanitarian and development programming approaches (hybrid) in conflict affected areas.	• Identify districts, municipalities and VDCs where basic services have been interrupted. • Combine both humanitarian aspects and development programming approach in conflict affected areas and deliver hybrid services • Adopt alternative model of service delivery (PPP, community approaches, I/NGOs, etc.)	• No. of VDCs, municipalities, districts where basic services are delivered using alternative delivery methods and approaches • No. of beneficiaries, the poor and marginalized groups in particular, benefitted from the service packages.	Lead: MLD and/or LGUs Support: Line agencies, NPC, association of local bodies.	2011-2012
7.1 a) Explore, document and share best local governance practices in Nepal and consider during the new design process ***8.3 b) Utilize transition as an opportunity, d) Transition from unitary to federal state structure***						
	• Basic services have been interrupted at grassroots level. • Poor and marginalized groups have been suffering and deprived. • Legitimacy of public sector is in question.	• The MLD together with partners need to prepare a transition plan for improving service delivery, local governance reform (during the transition and beyond) and start implementing the plan as soon as possible	• Regularize the basic service delivery using alternative methods and approaches • Design and implement social protection programme and safeguard the poor and marginalized groups • Identify key reform areas to be included in the transition plan • Prepare the transition plan involving key stakeholders	• No. of elements of social protection programme • No. of beneficiaries from poor and marginalized groups • No. of studies conducted (reports) • % increase in	Lead: MLD Support: NPC, MoF, External Development Partners, line agencies	2011-2015

			• Design and conduct studies in different aspects of local governance, as necessary • Prioritize activities and include in the plan • Start implanting the transition plan	beneficiaries from resumed services in conflict affected areas • Transition plan • Implementation status report of the plan		
	• There are a lot of best local governance practices that exist at local level for long time, but these are not systematically explored, documented and shared properly.	• MLD together with other partners needs to explore and document best local governance practices that exist in Nepali societies for long-time.	• Design study framework • Document best practices, experiences and lessons learned in the form of case studies (series) • Share with stakeholders and policy makers • Consider these best practices and lessons while designing the local governance system in the new state structure • Scale-up best practices and institutionalize through legal and institutional set up	• No. of publications/case studies that systematically document best local governance practices covering different geographical, social and ethnic groups. • No. of best practices addressed/adjusted in the policy and legal frameworks	Lead: MLD Support: Academic and research organizations, Association of Local Bodies, MoF, NPC.	2012-2015
8.3 c) Medium and long-term goal – democratic local governance						
•	• Less transparent system and procedures • Less citizen friendly service delivery systems and	• Strengthen service delivery from democratic local governance perspectives	• All documents to be made subjected to citizen friendly (simple, use of local languages, easily accessible, etc.) • Prepare and enforce bylaw on tax payer's right and their privileged access to information	• Key documents publically available in different local languages • Publically known criteria of bids.	Lead: LGUs Support: MLD, NPC, MoF, association of local bodies, EDPs, and other	• 2012-2015

	procedures • Less transparent system and procedures • Less citizen friendly service delivery systems and procedures • Thus sectoral supremacy is the key challenge of decentralized service delivery in Nepal.		• Open and criteria-based processing of contract bids. • Effective implementation and monitoring of citizen's charter and use of citizen's score card by a citizen's board (with equal participation of poor and marginalized groups) to provide feedback on service delivery performance • Review and simplify systems and procedures of service delivery with minimal hassles (more result orientation) and facilitation provisions for illiterate, poor and marginalized groups	• Monitoring report of citizen charter • No. of actions taken against complaints • Simplified procedures and reduced time and cost of services • Record of use of score cards by citizen's board and feedback considered	partners	

Annex 2: Key Stakeholders Consulted During the Study Process

Decentralized Governance Thematic Committee Members:

- Mr. Shyam P. Mainali and Mr. Krishna Gyawali, Secretaries of MLD and Chair of the Thematic Committee
- Mr. Ganga Dutta Awasthi, Expert Invitee,
- Mr. Bhawa Krisha Bhattarai, Joint Secretary of National Planning Commission and Member of Thematic Committee
- Mr. Dinesh Kumar Thapaliya, Joint Secretary of MLD and Member Secretary of Thematic Committee
- Mr. Yadab Chapagain, Thematic Expert,

Officials Representing Different Organizations

- Mr. Hementa Kharel, Special Class Officer, MLD
- Dr. Prithivi Raj Ligal, former Vice Chair of NPC
- Prof. Dr. Parthibeshwar P. Timilsina, Coordinator, EPN-II
- Dr. Chandra Mani Adhikari, Local Government Finance Expert, Kathmandu
- Mr. Reshmi Raj Pandey, Joint Secretary, MLD
- Mr. Purushottam Nepal, Under Secretary, MLD
- Mr. Rajendra Giri, Research Consultant, EPN-II
- Mr. Megha Raj Kafle, Local Development Officer (LDO), DDC, Kavre-Palanchowk
- Mr. Hira Raj Regmi, former LDO and development consultant
- Mr. Gopal Parajuli, LDO, DDC, Kathmandu
- Mr. Lal Krishna K.C., Fulbright Consultancy Pvt. Ltd.
- Ms. Gita Pandey, Gender Specialist, Kathmandu, Nepal
- Mr. Dhruba Thapa, Decentralization Specialist, USAID/Nepal Family Health Programme (NFHP), Lalitpur, Nepal
- Mr. Khem Raj Nepal, former Secretary, MLD
- Dr. Bhola Chalise, former Secretary, MLD
- Mr. Binod Dhakal, Director, INLOGOS, Kathmandu
- Representatives of ADDC/N, MuAN, NAVIN
- ADB Mission officials
- EPN – II Officials
- Other stakeholders who participated in the consultative meeting and workshops

Annex 3: Acts Contradicting with the LSGA, 1999

1. Statistics Act, 2015 (1958)
2. Cinema (Production, Show and Distribution) Act, 2026 (1969)
3. Local Administration Act, 2028 (1971)
4. Education (7th Amendment) Act, 2028 (1971)
5. Public Roads Act, 2031 (1974)
6. Births, Death and Other Personal Events (Registration) Act, 2033 (1976)
7. Land Revenue Act, 2034 (1977)
8. Soils and Watershed Conservation Act, 2039 (1982)
9. Natural Calamity (Rescue) Act, 2039 (1982)
10. Mines and Minerals Act, 2042 (1985)
11. Solid Waste (Management and Resources Mobilization) Act, 2044 (1987)
12. Judicial Administration Act, 2048 (1991)
13. Local Bodies (Election Procedures) Act, 2048 (1991)
14. Sports Development Act, 2048 (1991)
15. Water Resources Act, 2049 (1991)
16. Vehicles and Transport Management Act, 2049 (1992)
17. Forest Act, 2049 (1992)
18. Electricity Act, 2049 (1992)
19. Environmental Protection Act, 2053 (1996)
20. Consumers Protection Act, 2054 (1997)
21. Animal Health and Animal Services Act, 2055 (1998)
22. Construction Enterprise Act, 2055 (1998)
23. Animal Slaughterhouse and Meat Examination Act, 2055 (1998)

Source: LBFC, 2004 in Adhikari, 2006

Annex 4: Functions of Local Bodies as Assigned by LSGA, 1999

Functions/Responsibilities	**DDC**	**Municipalities**	**VDC**
1. Physical development			
Plan formulation and implementation of land use	✓	✓	✓
Plan formulation and implementation of settlements and temporary/weekly market (Haat)	✓		
Residential area plan formulation and implementation		✓	
Quality of buildings and other physical infrastructure		✓	✓
Approval of building designs		✓	
Development of greenbelt, entertainment area		✓	
Public lavatories		✓	
Construction of community buildings and guest house		✓	✓
Water supply and sewerage plan implementation, operation/maintenance	✓	✓	✓
2. Water resources, environment and sanitation			
Water source protection and utilization		✓	✓
Irrigation programme implementation	✓	✓	✓
Control of soil erosion and river encroachment	✓	✓	✓
Assistance in pollution control, environmental conservation and consolidation	✓	✓	
Management of soil waste and sanitation programme		✓	✓
Generation and distribution of electricity		✓	✓
Management of micro hydro and other energy programme	✓		
3. Forest and environment			
Plan formulation and implementation of forestry, biodiversity and soil conservation	✓	✓	✓
Prepare and implement programmes to protect environment and forest.	✓	✓	✓

Functions/Responsibilities	DDC	Municipalities	VDC
4. Education and sports			
Permission for running pre primary school with private resources		✓	✓
Recommendation for permission to open schools or close them on priority	✓		
Assistance in management of schools in respective areas and recommendation for opening or closure		✓	
Management and supervision of schools in respective areas			✓
Assistance in making primary schools available in mother tongue		✓	✓
Assistance in supervision, monitoring and management of schools	✓	✓	✓
Provision of scholarship for students of depressed committees		✓	✓
Implementation of audit and informal education programmes	✓	✓	✓
Operation and management of libraries/reading rooms		✓	✓
Development and implementation of sports programmes	✓	✓	✓
Organising sports development committee	✓	✓	✓
5. Culture			
Repair, maintenance and improvement of places of religious importance	✓	✓	✓
Protection, improvement and use of archaeological objects, language, religion, art and culture	✓	✓	✓
6. Public works and transport			
Construction, maintenance, repair of mule track, rural roads and non-metallic roads, culverts and bridges not under HMG care		✓	✓
Parking of bus, rickshaw, tanga (horse-cart), trucks etc.		✓	
Determining the maximum limit of hand cart, rickshaw, tanga (horse-cart), etc. and registration and licence		✓	
District road master plan, construction, operation, monitoring and evaluation of district roads	✓		
Construction and repair of suspension bridge	✓		
Necessary provision for means of transport (vehicles)	✓		
Issuing, renewing and cancellation of class D contractors	✓		
Development and improvement of ropeway and water ways	✓		
7. Health services			
Operation and management of Hospital, Ayurvedic (oriental medicine) dispensary and health centres	✓	✓	
Opening, operation and management of Health Post, Sub Health Post	✓	✓	✓

Functions/Responsibilities	DDC	Municipalities	VDC
Formulation and implementation of public health programmes such as family planning, maternity and child care, extended inculation, nutrition, population education and health education	✓	✓	✓
Provision for prevention of epidemics	✓	✓	
Control or prohibition of public use of things harmful for public health	✓	✓	
Control or prohibition of use and sale of edible objects harmful for public health	✓		
Inspection and monitoring of surgical equipments	✓		
Primary health and primary education		✓	✓
8. Social service			
Provision for cremation of unclaimed dead bodies		✓	
Programmes for the welfare of women and children	✓	✓	✓
Control of immoral profession/trade	✓	✓	
Removal of social ill practices	✓		
Protection of orphans, helpless, old and disabled people	✓	✓	✓
9. Industry and tourism			
Work as motivator in promotion of small and cottage industry	✓	✓	✓
Protection of places of tourist interest and heritage	✓	✓	✓
Identification and development of industrial area	✓		
10. Agriculture and land reform			
Policy formulation, implementation supervision and monitoring of Agriculture and Livestock	✓		✓
Provision for seeds, fertilizers and other agricultural inputs	✓		
Promotion of agricultural fair, market place etc.	✓		
Protection and consolidation of fallow and government land	✓	✓	
Provision for grazing land			✓
11. Miscellaneous			
Eradication of child labour	✓	✓	✓
Human resource development	✓	✓	✓
Assistance in cooperative development	✓	✓	✓
Promotion of trade and commerce		✓	
Control of Natural disasters	✓	✓	✓
Vital registration (birth, death, other events)		✓	✓
Provision for slaughter house		✓	✓
Kanji house, detention and auction of stray cattle		✓	
Street light management		✓	

Functions/Responsibilities	DDC	Municipalities	VDC
Permission for construction and operation of cinema hall	✓	✓	
Provision for temporary/weekly market (Haat) fair		✓	✓
Management of operation of fire brigade		✓	
Location determination and management of crematorium		✓	
12. Optional functions			
Provision for good quality school education		✓	
Operation of literacy programme		✓	
Control of unauthorized settlement		✓	
Land use programmes		✓	
Electric supply and communication services		✓	
Museum and zoo		✓	
Job oriented programme		✓	✓
Ambulance service		✓	
Corpse carrying vehicles		✓	
Prevention of natural disaster and relief activities		✓	

Agency Functions Being Carried Out by Local Bodies	*DDC*	Municipalities	*VDC*
1. Social security			
Preparing records and identification letters of senior citizens, helpless widows and disabled		✓	✓
Receiving distribution and adjustment of social security fund	✓	✓	✓
2. Election			
Collection and updating of voter list		✓	✓
Involvement in all levels of election	✓	✓	✓
3. National and international campaigns			
Feeding polio-plus, vitamin A etc.	✓	✓	✓
Involvement in population education, AIDS etc.	✓	✓	✓
Involvement or coordination in different surveys, data collection	✓	✓	✓
4. Emergency service			
Collection of information about natural disasters and distribution of relief goods		✓	✓
5. Management of meetings, ceremonies			
Meetings of Ward Committees, Sectoral Committees, Board and Council	✓	✓	✓
6. Recommendation and certification			
On the spot inspection and recommendation		✓	✓
Publishing notices of different agencies		✓	✓

Source: LBFC, 2000: 29-32 in Adhikari, 2006

Annex 5: Steps of the Participatory Planning Process

Preparatory phase

Step 1: Providing general guidance, planning directives and budget estimation (ceiling) for next fiscal year (which starts from mid July) by central level planning authorities (MLD, sectoral Ministries and NPC)

Timeframe: By mid November, every year.

Step 2: Review of guidelines, planning directives and budget estimation (ceiling) by DDC elected officials, chief of sectoral line agencies.

Timeframe: By the third week of November, every year.

Step 3: Planning workshop at district level to disseminate information: policies, estimation of resources, planning instruction, etc.

Participants: DDC officials, chief of sectoral line agencies, representatives of district level financial institutions, representative of District Chamber of Commerce and Industry, representative of NGOs, Chair and Vice Chair of all VDCs, and VDC Secretaries.

Timeframe: By the end of November, every year.

VDC level planning: preparation of Village Development Plan

Step 4: VDC Meeting: Review of planning instruction and analysis of resources for programmes and projects to be carried out in ward/settlement level by VDC.

Timeframe: By the second week of December, every year.

Step 5: Settlement level planning workshop: identification, assessment, and prioritization of projects and development activities and propose to VDC through Ward Committee.

Timeframe: By the third week of December, every year.

Step 6: Ward Committee meeting (sub-VDC level): Prioritization of projects and activities received from settlement level.

Timeframe: By the end of December, every year.

Step 7: VDC Meeting: Preparation of integrated list of projects coming from different wards (9), prioritize, and budget allocation.

Timeframe: By the first week of January, every year.

Step 8: Village Council Meeting: among the proposals of settlement level planning exercise- Approval of programme and projects and prepare prioritized list of request to be forwarded to DDC through *Ilaka*/Sub-district level planning workshop.

Timeframe: By the second week January, every year.

District planning: preparation of development plan

Step 9: *Ilaka*/Sub-district level planning workshop: Prioritize plans and programmes proposed by VDCs and Municipalities

Timeframe: By the first week of February, every year.

Step 10: Sectoral Planning Committee Meeting at district level: Prioritize sectoral programmes identified by VDCs and Municipalities

Timeframe: Second week of February, every year.

Step 11: Integrated Plan Formulation Committee Meeting at district level: Assess, analyse and synchronize sectoral plans and programmes in order to avoid duplication and promote synergic linkages.

Timeframe: Third week of February, every year.

Step 12: District Development Committee (DDC) Meeting: Assess district development plan in relation to central level's planning instructions, guidelines, resources, district policy and guiding principles, resource and poverty maps, etc, and prioritize and approve district development plan.

Prepare prioritized list of programmes and projects to request the central level.

Timeframe: First week of March, every year.

Step 13: District Council Meeting: Review, discuss and approve district development plan

Timeframe: Second week of March, every year.

Step 14: Forward the district development plan to MLD, NPC and sectoral ministries and departments to allocate budget accordingly, and establish planning linkages with regional and national level plans and programmes.

Timeframe: End of March, every year.